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DP149

‘Effecting Changes to the Smart Energy Code efficiently’

Modification Report

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Managed by



About this document

This document is a draft Modification Report. It currently sets out the background, issue, and progression timetable for this modification, along with any relevant discussions, views and conclusions. This document will be updated as this modification progresses.

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1. Summary

This proposal has been raised by Simon Trivella from Centrica.

Currently the parties that can raise a Draft Proposal to instigate changes to the Smart Energy Code (SEC) are limited. These constraints negatively impact the efficient progression of changes by:

- limiting the Parties who can raise change to those who have sufficient resources;
- impeding required changes being raised;
- burdening certain Parties devote the time and effort that being a Proposer requires;
- distorting the drivers of the Change process as only Parties with sufficient resources will raise changes;
- requiring Proposers to make decisions where they are acting on behalf of others; and
- adding inefficiencies into the process.

2. Issue

What are the current arrangements?

Who can raise SEC Modifications?

SEC Section D 'Modification Process' sets out the journey of a SEC Modification from raising a Draft Proposal through to implementation.

SEC Section D1.3 states which Parties can raise Draft Proposals, and these are:

- SEC 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).

Two SEC Sub-Committees can also raise Draft Proposals:

- the Security Sub-Committee (SSC) under SEC Section G 'Security' Section G7.20 where a Draft Proposal relates to its remit or documents; and
- the Smart Metering Key Infrastructure (SMKI) Policy Management Authority (PMA) under SEC Section L 'Smart Metering Key Infrastructure and DCC Key Infrastructure' Section L1.19.

SEC Panel raising SEC Modifications

The specific circumstances under which the Panel can raise a Draft Proposal are (this can be found under SEC Section D 'Modification Process' D1.3(e)):

- 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 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.

Code Governance

Code Governance is currently undergoing review across the industry, and this includes reviewing the approach to change. This can be found in the latest emerging industry Code, the Retail Energy Code (REC). The REC, whilst still in draft form, allows for 'any interested person' to submit a Change Proposal, regardless of whether or not they are a Party to the REC (this can be found under REC v0.4 Section 7 'Submitting Change Proposals').

It has been raised previously that there are limited powers of the Panel to raise Draft Proposals and 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 Administrators to be able to raise changes, for example National Grid can raise Connection and Use of System Code (CUSC) modifications as the System Operator, even though it is also the Code Administrator. In addition, the DCC, whose functions are also subject to SEC governance, can also raise Draft Proposals.

What is the issue?

The limitations around which Parties can raise a change are affecting the efficiency, impact and direction of changes in the following ways particularly where Proposers volunteer to progress changes on behalf of the industry:

Distorting change to make it appear that Larger Parties are driving change for their own gain

There are some suggestions that Large Suppliers drive industry change for their own benefit. However it is likely this is because Large Suppliers are the only companies that have the resources to take responsibility for changes.

Furthermore, due to reduced resources, it is unlikely that smaller organisations will propose or volunteer to be a Proposer for a modification. Since larger organisations are unlikely to benefit from these changes they are unlikely to be raised.

Taking no account of benefits to Consumers where changes may not be raised due to their costs

It is the intent of SEC Modifications to better facilitate the SEC Objectives to ultimately provide a better service to Consumers. It is therefore vital that the Consumer is at the forefront when discussing the impact of change.

However, a Consumer-benefitting SEC Modification may result in SEC Parties incurring costs. This could potentially deter Parties from putting themselves forward as Proposers and result in the Consumer representative, Citizens Advice, to volunteer, who may not have the required resource.

Creating greater efficiencies in the change process by allowing independent parties to raise modifications will aid the industry in delivering an improved service to Consumers.

Not allowing Parties with responsibility for progressing change to own the change

If SECAS has identified an issue relating to the SEC, it must engage with SEC Parties to identify a suitable Proposer. This can cause inefficiencies in the modification process as the Proposer may not have experienced the issue first-hand and may need to make investigations of their own to understand the issue fully and determine if they wish to sponsor it. The process of finding a Proposer and knowledge sharing on the issue can lengthen the process, specifically in the Development Stage.

Issue Resolution Proposals (IRPs) are Department for Business, Energy & Industrial Strategy (BEIS) led proposals which, once they have been approved by the Technical Specification Issue Resolution Sub-group (TSIRS), are handed over to SECAS for incorporation into the SEC. Despite IRPs being the responsibility of SECAS, SECAS cannot raise a modification to incorporate these IRPs into the SEC. Proposers must be found to carry the modifications forward. This can result in having a Proposer who is disengaged with the modification that they are responsible for.

In addition, where changes are identified, if no organisations step forward to volunteer as a Proposer these changes may not be progressed despite potentially benefiting the industry.

How many modifications has this issue affected?

The current restrictions have led to the following 20 SEC Panel, Operations Group (OPSG) or SECAS-initiated modifications being raised by volunteer Proposers.

Past SEC Panel, OPSG or SECAS initiated modifications		
Modifications with volunteer Proposers	Initiator	Status
SECMP0047 'Default Provisions for Other SEC Parties'	SEC Panel	Implemented
SECMP0049 'Section D Review: Amendments to the Modification Process'	SECAS	Implemented
SEMP0050 'Section D Review: Moving the Working Group Terms of Reference to a separate document'	SECAS	Implemented
SECMP0051 'Section D Review: Amendments to the Fast Track Modification process'	SECAS	Implemented
SECMP0055 'Incorporation of multiple Issue Resolution Proposals into the SEC'	SECAS	Implemented
SECMP0061 'Enduring SEC Release Provisions'	SEC Panel	Implemented
SECMP0069 'EU Exit Changes'	SECAS	Implemented
MP0076 'Pursuing Non-Payment in Events of Default'	SEC Panel	Implemented
MP078 'Incorporation of multiple Issue Resolution Proposals into the SEC - Part 2'	SECAS	Refinement Process
MP079 'Provisions for withdrawing modifications'	SECAS	Withdrawn
MP084 'Other User Panel Seating Amendment'	SEC Panel	Rejected

Past SEC Panel, OPSG or SECAS initiated modifications		
Modifications with volunteer Proposers	Initiator	Status
MP088 'Power to raise modifications'	SECAS	Rejected
DP095 'Alignment of SEC Credit Cover'	SEC Panel	Refinement Process
DP098 'Incorporation of multiple Issue Resolution Proposals into the SEC - Batch 3'	SECAS	Implemented
MP099 'Incorporation of multiple Issue Resolution Proposals into the SEC - Batch 4'	SECAS	Refinement Process
MP114 'Alt HAN P2P Charging Data'	SECAS	Implemented
MP122A 'Operational Metrics'	OPSG	Pending implementation
MP122B 'Operational Metrics – part 2'	OPSG	Refinement Process
DP132 'DLMS references in GBCS'	SECAS	Withdrawn
MP143 'Incorporating IRPs into GBCS v3 series'	SECAS	Refinement

Allowing other parties the ability 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, without sacrificing quality.

Appendix 1: Progression timetable

The Draft Proposal will be taken to the Panel with the recommendation for it to be converted to a Modification Proposal and proceed to the Refinement Process, following agreement from the CSC. From there, its Proposed Solution will be discussed between the Proposer and SECAS with the target of being taken to the March 2021 Working Group meeting. SECAS will also engage with Ofgem to seek its views on how these changes fit within the wider Code governance reform taking place.

Timetable	
Event/Action	Date
Draft Proposal raised	30 Nov 2020
Sub-Committee input sought	Dec 2020
Presented to CSC for recommendation	26 Jan 2021
Panel converts Draft Proposal to Modification Proposal	12 Feb 2021
Modification discussed with Working Group	3 Mar 2021

Appendix 2: Glossary

This table lists all the acronyms used in this document and the full term they are an abbreviation for.

Glossary	
Acronym	Full term
BEIS	Business, Energy & Industry Strategy
CACoP	Code Administration Code of Practice
CUSC	Connection and Use of System Code
CSC	Change Sub-Committee
DCC	Data Communications Company
IRP	Issue Resolution Proposal
PMA	Policy Management Authority
REC	Retail Energy Code
SCR	Significant Code Review
SEC	Smart Energy Code
SECAS	Smart Energy Code Administrator and Secretariat
SMKI	Smart Metering Key Infrastructure
SSC	Security Sub-Committee
TSIRS	Technical Specification Issue Resolution Sub-Group