SEC
Smart Energy Code

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Smart Energy Code

SEC Section D Review

Industry Consultation

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About this document

This document summarises the work that has been carried out under the Smart Energy Code (SEC) Section D Review. It sets out the Smart Energy Code Administrator and Secretariat's (SECAS's) proposed changes and the views received so far from industry participants to these.

We invite your views on the questions set out in this document – please use the form attached to this document to provide your response. This consultation will close at **17:00** on **Wednesday 24 March 2021**; we may not be able to consider late responses

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This document has one annex:

- **Annex A** contains the full responses received to the industry request for information (RFI).

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1. Summary

In early 2018, we carried out a review of the SEC modifications process in SEC Section D 'Modifications Process'. Our findings resulted in three modifications being progressed, with the biggest changes being the introduction of the Development Stage to assess a proposal's issue, and the requirement for the Change Board to approve Data Communications Company (DCC) Impact Assessment requests.

Since these changes were implemented, we have continued to explore ways of performing parts of the process in a more streamlined manner. We have also progressed a further 100 modifications, allowing us to make further learnings. In October 2020, the Panel agreed to SECAS carrying out a further end-to-end review of the SEC modification framework.

We have examined all parts of the SEC modification framework, and our findings have been grouped into the following topics:

- The modification framework
- Business requirements and solution development
- The Working Group
- DCC Assessments
- Seeking wider input
- Developing the case for change
- After the decision

Our recommendations on each area are set out throughout this report. The majority of these changes can be made without changing the SEC, which we will implement by the end of March 2021. Any SEC changes needed will be picked up under a Draft Proposal to be launched in April 2021.

2. Overview and scope of this review

SECAS carried out a review of the SEC Section D framework in early 2018, and the changes it recommended were implemented across three modifications in November 2018 and March 2019. As part of the modifications, the Working Group recommended a review of the impacts a year later, to ensure the changes were delivering the expected benefits.

Since these modifications were implemented, 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 DCC to improve how it inputs to and engages with modifications.

Since the original 2018 review was completed, we have seen a further 100 modifications raised, as the smart metering arrangements have bedded in and become more widely used. Many lessons have been learnt from progressing these.

In late 2020, the DCC also initiated Collaborative Design Review, focusing on improving the DCC's input to modifications during the solution design phases. This review will identify ways to reduce the costs and timescales associated with assessing DCC System changes. The outcomes of this review will be issued in a separate report by the DCC in March 2021.

In October 2020, the SEC Panel agreed to SECAS carrying out an end-to-end review of the SEC modification framework that would incorporate these areas[1]. The table below summarises the areas the Panel agreed to be investigated, and the subsequent sections of this report where these questions have been considered:

SEC Section D Review scope		
Area	**Issues and questions identified for review**	**Section**
Review previous changes	Review the changes from the previous review and assess if they are achieving the expected benefits.	3
Framework oversight	Current process offers little continuity or end-to-end oversight, with multiple layers of validation/ assurance increasing the governance timescales. Review potential consolidation of the approvals process across the three main committees (Change Sub-Committee (CSC), Panel and Change Board).	4
Business requirements	The input needed on business requirements is not clear and consistent, and the assessment of 'optional' requirements is discouraged by the DCC. Provide clarity around the input to business requirement development, including if this can be done digitally.	5
Sub-Committee input	Not engaging the right expertise at the right time can cause delays in decision. Examine where and how this expertise should be used to develop the most effective solution and input to modifications.	5
Working Group	The 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 the success of recent changes and build upon best practice, including how Alternative Solutions can be raised.	6
DCC Assessments	The two-stage process can be inefficient and there are discrepancies in the costs provided at each stage. The industry is also charged a financial cost to complete an Impact Assessment. The DCC's review of its proposed revised assessment approach to be presented and assessed under this review.	7
Party input	SEC Parties tend to provide their input through 'formal' channels (Working Group, Sub-Committees, consultations). The number and timescales for consultations also adds to the governance timescales. Explore opportunities to establish more 'informal' interaction through a digitised platform and examine whether and how the number of and/or timescales for consultation can be reduced.	8

[1] Please see SEC Panel paper SECP_85_1610_18 (Green) for more information.

SEC Section D Review scope		
Area	**Issues and questions identified for review**	**Section**
Business case	The 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.	9
DCC costs	The DCC costs to implement change are significant, leading to modifications being rejected. The DCC's review of its proposed approach to reducing costs to be presented and assessed under this review.	7
Final decision	The 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 Parties voting on change.	4
Legal text changes	The legal text is expected to be finalised when the modification is approved. Any subsequent changes then require a new modification. DCC Assessment timescales can also be extended to complete any detailed design work required to inform legal text changes. Review whether and how detailed design changes and any corrections to the original text can be agreed following the modification's approval.	10
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.	10

An industry RFI was issued in October-November 2020 to seek Parties' views on the above areas. The full responses received can be found in Annex A. These views have been considered when developing the strawman proposals set out in this report. An industry workshop was held in January 2021 to discuss these proposals ahead of this consultation being issued.

3. The previous review

SECAS previously carried out a review of SEC Section D at the beginning of 2018, and our findings were issued to the SEC Panel in April 2018[2]. Three modifications were raised and subsequently approved as a result:

- SECMP0049 'Section D Review: Amendments to the Modification Process' introduced the Development Stage, created the CSC to review Draft Proposals prior to them being converted to Modification Proposals, and required the Change Board to approve the costs of DCC Impact Assessments. This was implemented on 4 March 2019.

[2] SECAS's findings were summarised in Panel paper SECP_55_1304_08, with more detail available in the preceding consultation documents available to download here.

- SECMP0050 'Section D Review: Moving the Working Group Terms of Reference to a separate document' moved the details of how Working Groups operate to a Panel-owned document. This was implemented on 1 November 2018.
- SECMP0051 'Section D Review: Amendments to the Fast Track Modification process' streamlined the process for Fast-Track Modifications. This was implemented on 1 November 2018.

Some of the changes proposed under the 2018 review were, following subsequent discussions, not taken forward. These included:

- Allowing the Change Board to make material changes to the legal text in response to Modification Report Consultation (MRC) comments, without needing to first send the Modification Report back.
- Introducing the power for the Panel to close stalling modifications – this was later raised under MP079 'Provisions for withdrawing modifications', which was ultimately rejected.
- Progressing a modification to decision on the basis of a DCC Preliminary Assessment, if there was no support for incurring the cost of the DCC Impact Assessment – Ofgem commented at the time that the Modification Report would likely be deemed incomplete in that scenario and so would be sent back.

The Parties we spoke to as part of the current review believed that the Development Stage and the CSC had been successful in pushing back on proposals that weren't yet ready to proceed to the Refinement Process, resulting in better quality changes reaching the Working Group. However, more work could be done to look at the costs and benefits up-front to determine if the change should even proceed. It also wasn't clear if SECAS was getting the engagement and input needed from Parties during this stage, to help understand the scale of the issue.

They also felt that the Change Board's approval of Impact Assessment costs had provided a clearer mechanism for signing these off. However, it wasn't clear if the Change Board could outright reject a request, and whether low-costing Assessments needed Change Board approval.

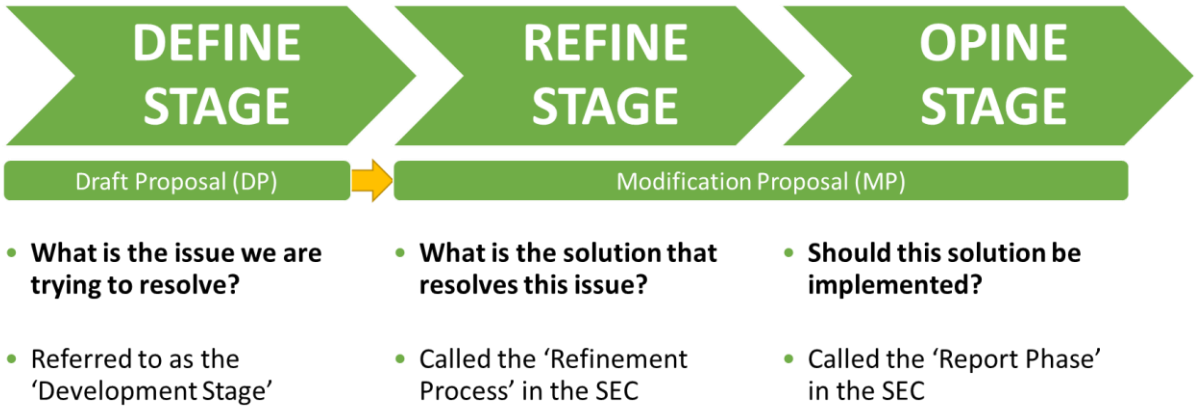
One Party considered the previous review had only made minor changes, believing broader, more fundamental change had been needed. They felt there was further work to be done to improve the overall efficiency, provide clearer understanding of costs, and streamline input to avoid overlaps in output.

The full responses received to the RFI can be found in Annex A.

4. The modification framework

The framework stages and introducing clearer Stage Gates

The SEC modification framework is split into three main stages, each of which is focused on a key question:



A new modification is initially raised as a Draft Proposal and enters the Define Stage while the issue is assessed and clarified. Once we have determined the issue is clear and would require a SEC change to resolve, it is converted to a Modification Proposal and moves to either the Refine Stage (if more work on the solution is required) or the Opine Stage (if the solution is clear and no further work is required).

We believe this set-up remains fit for purpose, ensuring the key questions are asked and answered in the right order. The Define Stage provides Parties with an opportunity to raise and discuss an issue with the industry. It also enables the Panel, its Sub-Committees and Parties to triage this issue and confirm that a SEC modification is the right vehicle for delivering a solution. This approach is also broadly aligned with the common modifications process set out in the Code Administration Code of Practice (CACoP).

We recommend that at the end of the Define and Refine Stages, a clearer set of criteria needs to be met for a modification to proceed to the next stage. As part of this process, the SEC Panel would review the Modification Report to ensure all the key points had been addressed and make an objective decision on whether the Proposal meets the necessary quality criteria to proceed to the next stage. If not, the Panel would be expected to keep the modification in the current stage, setting out what further assessment is required before it will be progressed onwards. This will also allow Proposers to understand what information they need to provide to support the effective progression of their proposal. To be clear, these criteria are intended to enhance the current decision points in the framework, not create new ones.

For a modification to proceed beyond the **Define Stage**:

- The issue raised has been clearly defined (including defining the business problem the Proposer is seeking to solve, and whether it is the root issue or a symptom of a wider issue);
- The impact and scale of the issue is fully understood (for example the number of Parties or consumers affected, and the cost and impact of doing nothing have been identified);
- A modification has been confirmed as an appropriate route to delivering a solution;

- The relevant parts of the SEC linked to the problem have been identified; and
- Where applicable, potential high-level solution options for resolving the issue have been identified (including, where possible, very rough order of magnitude costs to inform the benefits case of proceeding).

For a modification to proceed beyond the **Refine Stage**:

- A solution (or solutions) has been clearly defined;
- The impacts of the solution(s) on all participants have been fully identified;
- All implementation and on-going costs have been drawn out and scrutinised[3];
- The implementation approach has been clearly laid out[3], including the technical specification versions arising from the change;
- The changes to the SEC documentation have been fully drafted;
- The business case for change has been fully defined;
- An assessment against the Applicable SEC Objectives and the consumer benefits analysis have been completed; and
- All questions raised along the way have been answered.

What would happen if the Proposer disagreed with a recommendation to withdraw?

Under the current process, there is no mechanism for closing a modification prior to final decision other than through the Proposer electing to withdraw their modification. This approach is in line with the CACoP[4], and is intended to ensure that a Proposer's issue and proposed changes can be given a fair chance to be discussed, developed, and decided upon. However, this can result in Proposers seeking to progress complex or costly solutions through to decision despite a clear steer from Sub-Committees and other Parties that change is not needed or supported, and that the modification should be closed.

This issue was considered during the 2018 review. The primary concern raised by Parties was that a lot of time, resource and cost was being put into Modification Proposals that were not going to progress for valid reasons or have been demonstrated to be detrimental to the SEC Objectives. Equally, there have been cases where Proposers were not engaged with the process and actively requesting their proposals to effectively sit in stasis. The changes introduced by SECMP0049 implemented mitigations to these risks. Further to this, MP079 proposed to allow the Panel to subsequently withdraw a modification if clear criteria were met and the Proposer had an opportunity to respond. This modification was ultimately rejected by the Authority.

Key questions at the end of the Define Stage include whether the issue is one that requires a SEC modification to resolve, and if so whether such change would be appropriate and cost-effective. The CSC would consider the full assessment undertaken on this at the end of the Define Stage. If it believes this is not an issue that should become a Modification Proposal, it would be expected to recommend to the Proposer that the Draft Proposal be withdrawn. In line with the principles of Proposer ownership, the Proposer cannot be compelled to withdraw a modification against their will.

[3] DCC is not able to confirm post-PIT costs or timescales at this stage and will provide an estimate based on the current SEC Release scope assumptions.

[4] CACoP Principle 6 'A proposer of a Modification will retain ownership of the detail of their solution' – please refer to the CACoP for more details.

However, if the Proposer sought to move the modification forward to the Panel, we would highlight that the CSC does not support or recommend it becoming a Modification Proposal. The Panel can then determine if further work is required to understand the issue, and if so set out what additional assessment is needed, or if the proposal is ready to proceed as a full Modification Proposal.

We also understand some Proposers are reluctant to withdraw proposals in case they cannot be re-raised, or all the work undertaken to date would be lost. We stress that any withdrawn proposal can be re-raised later if the situation changes. There is a two-month 'cooling off' period following a change being rejected or withdrawn where the Panel can refuse an identical or very similar proposal, but there are no restrictions after that time. Furthermore, any work undertaken under the original proposal would be reused under any new modification, accelerating these steps in the framework. We would encourage Proposers to withdraw modifications that are no longer required or cannot be further progressed until the situation changes, as keeping these open places additional work on SECAS and the Panel in managing these dormant proposals.

We do not propose to revisit the solution developed under MP079 at this time. Instead, we will monitor whether the further enhancements set out in this review further mitigate the original issues identified from re-occurring in future modifications.

Other Codes' modification processes

Most of the other Energy Codes follow the same broad process flow as we do. In these cases, a modification's solution is fully assessed and refined by a Workgroup via an equivalent to the Refine Stage. Some of these Codes also have a 'pre-modification process' to discuss issues before they are raised, and the Grid Code has a review panel at this early stage whose role is like that of the CSC under the SEC.

The Master Registration Agreement (MRA) and the Supply Point Administration Agreement (SPAA) have a much larger 'pre-modification' process where a new Change Proposal is assessed, and the solution developed, before being formally raised. In practice, this would be largely akin to completing the Refine Stage above while the modification is still a Draft Proposal.

Who should oversee the framework?

The modification 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.

Respondents to the RFI indicated that each group involved in the modification framework needs a clearly defined role. They noted the large number of groups involved, and felt there could be benefit in consolidation, for example by the Panel delegating its role. Any group with oversight of modifications needs the time and expertise to devote to this. One Party considered whether, once the CSC has agreed the issue is clear, any further approval is needed to proceed to the Refine Stage.

We propose that the Panel's current responsibilities in overseeing modifications, as set out above, are delegated to the CSC, with the CSC's role in the framework being enhanced. This would allow modifications to be considered by a dedicated group who are closer to the detail of the issue and who can provide consistent oversight. The CSC would also take on related responsibilities, such as agreeing the next steps following a send-back. We also recommend that a Proposer would be able to refer a decision not to progress their modification to the next stage to the Panel if they disagreed with the CSC's conclusions.

For completeness, we would also then recommend that the Change Board's role in approving DCC Impact Assessment requests is moved across to the CSC. This would place all governance decisions relating to a modification's progression through the framework in one place, ensuring greater consistency.

Please note that subsequent sections in this report refer to powers being given or decisions being made by the Panel – if the Panel was to delegate responsibility for modifications to the CSC, we consider these powers and decisions would be included in that delegation, except where stated otherwise.

Can the Panel delegate its modification responsibilities?

SEC Sections C6.4 and C6.5 allow the Panel to delegate any of its responsibilities to a Sub-Committee, other than those responsibilities directly attributed to the Working Group in SEC Section D. This would therefore allow the Panel to delegate its oversight of modifications. We are not aware of any restrictions in higher-level documentation (e.g. licences) that would prohibit this.

SEC Section C6.8 also requires Sub-Committees to act fully independently when fulfilling their roles, with members required to sign a declaration to this effect before taking up office. We would therefore expect the CSC members to remain independent when considering modifications and consider all the views provided by Parties when making decisions, as is currently the case for the Panel.

As with the other Sub-Committees, we would report on the CSC's discussions and decisions as part of the monthly Sub-Committee Report issued to the Panel. This would allow the Panel to have sight of these and provide any comments back to the CSC.

Should the CSC be allowed to approve high-cost changes?

SEC modifications that impact on the DCC Systems are very expensive, with costs often an order of magnitude higher than any other Code. We appreciate concern over a Sub-Committee approving a Modification Report for a change that would incur significant costs if implemented.

We therefore propose that the Panel could, on a case-by-case basis, direct that the CSC refers a Modification Report to it for sign-off at the end of the Refine Stage. Alternatively, the Panel could set a 'value threshold' for any spend required to implement a modification. If the implementation cost for a modification exceeded this threshold, that Modification Report would need to be signed off by the Panel. In these cases, the CSC would provide the Panel with a recommendation that the Modification Report is ready to progress to the Opine Stage, which the Panel would be asked to approve.

Other Codes' approach to modification oversight

While most of the other Code Panels have retained oversight for modifications, there are examples where this role has been delegated to a sub-group. In particular, the MRA and the SPAA have separate sub-groups fully responsible for Change Proposals, a set-up being retained under the Retail Energy Code (REC) with the Modifications Panel. There is therefore precedent under other Codes for this delegation.

Who should make the final decision?

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' 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 considered there would be 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.

The feedback we received from Parties was strongly against making any changes to this step of the framework. Parties felt a decision-making body is required, and that it would be challenging to get enough input from Parties via consultation to form effective decisions. Respondents also noted that many Change Board members already engage with modifications at other points across the framework.

We therefore propose that no change is made to the Change Board's role in making the final decision or recommendation on a modification.

We did consider if this role could also be moved to sit with the CSC, which would align with most other Codes where the Panel or sub-group that oversees the governance also makes the final decision or recommendation. We concluded there is benefit in a separate group making the final decision, to provide a separate perspective on the change. It allows a larger number of people to be involved in forming the final vote, ensuring greater representation in the final decision, while allowing the group overseeing the governance to remain more compact, ensuring greater efficiency in a modification's progression.

We also considered whether the Panel should make the final decision or recommendation. This would remove the concerns over Sub-Committees making decisions on high-cost changes without Panel input, as the Panel would have the final say. However, as noted above, the current Change Board structure allows a larger number of people to be involved in forming the final vote, ensuring greater representation in the final decision. It also leaves the Panel free to act as an escalation point for any concerns raised against the Change Board or CSC decisions.

However, we recommend that if a Change Board decision under Self-Governance is appealed by a Party, the appeal is issued directly to the Authority. Currently, the Panel would be asked to review the Change Board's decision, and only after a further appeal on that decision would the Authority be asked to input. On both the previous occasions a Change Board decision has been appealed by a Party, the Panel's subsequent decision was also then appealed to the Authority. As well as enhancing efficiency, issuing the referral directly to the Authority would better align the SEC with Ofgem's guidance on the Self-Governance Modification appeals process.

Alternate arrangements for members unable to attend a vote

We recommend that Change Board members be allowed to either appoint more than one alternate or appoint another member to cast a proxy vote with rationale on their behalf if they are unable to attend a meeting. This would better ensure a greater number of views can be accounted for when the final vote is cast, if members were unable to attend.

We initially proposed allowing members to cast a vote by writing in advance of the meeting. However, Parties were not in favour of this approach, noting that participation in Change Board discussions may have led to that member subsequently changing their mind. Submitting votes in advance could also allow absentee members to effectively veto changes by continually submitting votes to reject. There was also concern whether SECAS would know if the person submitting the vote had done so independently or had been influenced by their organisation.

Other Codes' approach to final decisions

Almost all other Codes keep the final decision on a modification with the Panel or a Sub-Committee, usually the same group tasked with overseeing modification governance. The only exception of note is the Distribution Connection and Use of System Agreement (DCUSA) which uses a Party voting system where DCUSA Parties have two weeks to submit their vote.

Recommendations

Recommendations – the modification framework
The overarching 'Define-Refine-Opine' stage structure for the SEC modification framework is fit-for-purpose and should remain unchanged. This flow is broadly consistent with other Codes' modification processes.
A clearer set of Stage Gate criteria should be introduced at the end of the Define and Refine Stages, which the Modification Report must fulfil before the Panel agrees to the modification progressing to the next stage. We have set out our proposed criteria for each gate and the approach for where the Proposer disagrees with a CSC recommendation not to progress an issue further as a modification.
The Panel should fully delegate its responsibilities for overseeing modifications' progression to the CSC. For completeness, the CSC would also assume responsibility for approving Impact Assessment Requests (this currently sits with the Change Board).
The Change Board's role in making the final decision or recommendation on each modification should remain unchanged. However, members should be allowed to either appoint more than one alternative or be able to appoint another member to cast a proxy vote if they cannot attend a meeting in person. Any appeal made on a Self-Governance Modification decision should be issued directly to the Authority.

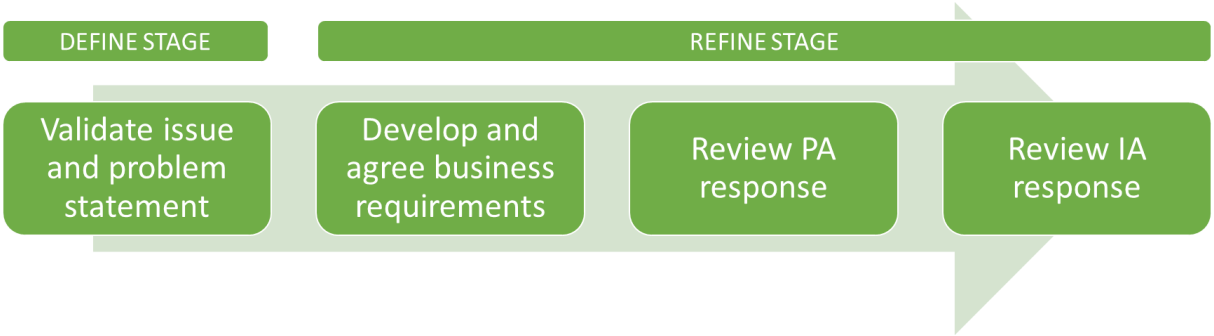
Consultation questions
1. Do you agree with the proposed Stage Gate criteria at the end of the Define and Refine Stages? *Please provide your rationale.*

Consultation questions	
2.	Do you agree that the Panel's responsibilities in overseeing modifications' progression through the framework should be fully delegated to the CSC? *Please provide your rationale.*
3.	Do you agree that Change Board members should be allowed to appoint more than one alternate and/or appoint another member to cast a proxy vote in their absence? *Please provide your rationale, and whether you have a preferred option.*

5. Business requirements and solution development

General flow of developing a solution

The diagram below summarises the core steps we would follow to develop a solution for a modification, with a focus on solutions that would require a DCC Assessment. Any modification that doesn't require a DCC Assessment would still follow the first two steps as much as is required.



The intent of the Define Stage, introduced following the 2018 review, is to ensure we are fully clear on the issue the Proposer has raised before we begin work on developing solutions. A key question to fully understand is what the business problem is that the Proposer has identified. We would also assess whether the issue may be a symptom of a wider core problem, may be resolvable without a change to the SEC, or may not be a material issue for Parties. This stage is intended to ensure we do not develop potentially complex and costly solutions for an unclear issue, and that any solution is designed with the right issue in mind. As such, we had not envisioned discussing solutions until the modification had proceeded to the Refine Stage.

However, during discussions as part of this current review, SECAS and the DCC considered there would be benefit in outlining possible solution options during the Define Stage where changes to the DCC Systems could be required. By understanding what options may be available, the Proposer can assess early if there is likely to be a cost-effective solution that would resolve their issue, before time and effort is spent on detailed assessment. This would, in turn, inform if there is likely to be a business case for change when measured against the impact the issue is having. These discussions may also identify alternative options which may not require a Modification Proposal, allowing the Draft Proposal to be closed. To be clear, we would not proceed to develop the detailed business requirements for a modification until it had been progressed to the Refine Stage.

Business requirements

Feedback from Parties noted there is not a 'one size fits all' solution to developing business requirements. For some changes, Parties will have a specific solution option in mind, while for other changes, Parties will want the DCC to define the most effective approach based on the stated requirements. Parties also had mixed views as to how detailed business requirements need to be. If the requirements are too precise, this may prevent the DCC from suggesting better solutions. However, if they are too flexible, this may not provide enough information or direction for Service Providers to carry out an effective assessment.

Several Parties noted that allowing for optional requirements to be assessed would be important. This would help Parties understand the most effective approach, and whether a 'nice-to-have' requirement would have a significant impact on the overall cost.

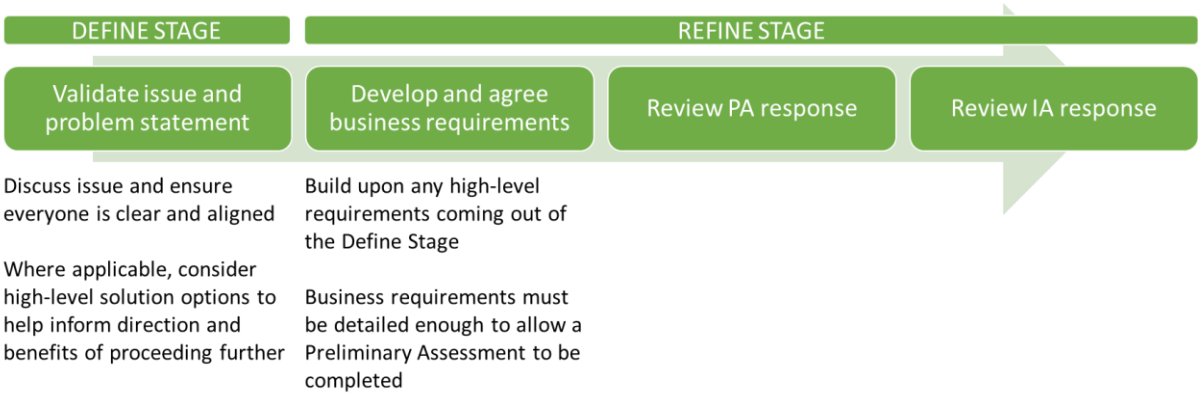
Noting this feedback, we will continue to evolve our business requirements document over the coming months, as the other enhancements set out in this report come to fruition. We will work with the DCC to introduce optional requirements into these documents where needed.

The Requirements Workshop

A key piece of feedback we received from many Parties is that earlier involvement and collaboration with the DCC and its Service Providers is needed. This was also raised in discussions with the DCC and its Service Providers, who sought the same.

We have therefore developed a new workshop approach to allow for earlier, collaborative discussion between SECAS, the DCC, its Service Providers and Proposers. These will be initiated for any modification which may or will require changes to the DCC Systems. These sessions will allow for questions to be drawn out and clarity attained by all participants, and to understand what needs to be drilled into. Early discussions with the DCC and the Service Providers will also help filter out unsuitable or unfeasible options up front. The Technical Architecture and Business Architecture Sub-Committee (TABASC) chair will also be invited to these sessions.

The diagram below shows at which steps of a solution's development the workshop would input and the core outputs at each point:



We have already set up these workshops and feedback from those involved in the first couple of sessions has been positive. We will be refining how these workshops are run over the coming months as we bed in the new ways of working. Going forward, we will be asking Proposers of modifications that may impact the DCC to make themselves available for these workshops (which will typically be on a Monday afternoon).

Greater TABASC input

The Parties we spoke to considered greater input from the TABASC on relevant modifications is needed. The TABASC's terms of reference have also been updated under the Terms of Reference Review project to enhance its input on modifications. We have therefore worked to implement these changes holistically into the wider framework.

We are expecting that any modification that could have an impact on the DCC Systems, the Business Architecture Document or Model (BAD/BAM) or any other area within the TABASC's remit will be discussed with the TABASC. It will be able to review relevant modifications from a business and technical architecture perspective, reviewing its intent in this area, and support the CSC and the Working Group's assessments with its expertise. It will also help to ensure business requirements are clear and that the technical solution remains consistent throughout its development.

The TABASC will also act as a stage gate to requesting the DCC Preliminary Assessment. We will not be requesting a Preliminary Assessment until the TABASC has confirmed the business requirements are clear and unambiguous, and that the solution options being considered are appropriate. This will mitigate the risk of inappropriate or unduly costly solutions being assessed.

The diagram below sets out where TABASC input will be sought and the questions we will ask at each point. This is based on the expectation that a DCC Assessment is required; for a modification that won't require this, the Preliminary Assessment and Impact Assessment response review stages won't be required.

DEFINE STAGE	REFINE STAGE		
Validate issue and problem statement	Develop and agree business requirements	Review PA response	Review IA response
Review problem statement	*Review business requirements*	*Review PA response and DCC's solution(s)*	*Review IA response*
Consider if problem statement is clear and unambiguous	Consider if solution options are suitable for PA Ensure business requirements are clear and unambiguous If applicable, ensure technical requirements are accurate and unambiguous ***PA should not be requested if TABASC not content with the business requirements***	Ensure if DCC's solution(s) deliver the business requirements Assess if solution(s) is cost-effective Assess impact on technical and business architecture or DCC and User systems	Validate no material changes since PA

We have worked with the TABASC to agree the detail and implement this updated approach. We will review and refine this with the TABASC over the coming months as this new approach is bedded in.

Seeking further Sub-Committee input

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 will continue to investigate if this can be taken further. Obtaining this input early can avoid wasted effort later in the modification's assessment.

We asked Parties for their thoughts on how other Sub-Committee input to modifications could be enhanced. Parties felt that involving more groups in the assessment of a change increases the overall timescales. At the same time though, their expert input is essential, especially if wider engagement on a change is low. Parties were concerned that Sub-Committees may not have the time to input on relevant modifications and were unsure how Sub-Committee feedback would be fed into the process.

Over the last 18 months, SECAS has sought to inform Sub-Committees of any new Draft Proposals raised and advise which of these may be of interest to the group. However, we are unclear what benefit this is having with some groups, and some groups have limited time in which to initially consider these proposals.

We are revising our approach to triage internally which proposals we would expect to be of most relevance to each Sub-Committee's remit and focusing on bringing only these to the relevant group for input. When we do seek input from a Sub-Committee, we will be ensuring we are asking clear, constructive, and concise questions in the paper.

We have also looked at other forums that discuss issues which could result in a modification being raised. The main two we have identified are the Department for Business, Energy and Industrial Strategy (BEIS) led Technical Specification Issues Resolution Sub-group (TSIRS) and the DCC's Top Issues Forum. In both cases, Parties we spoke to have highlighted that Parties are currently going to the wrong forums to raise issues requiring SEC changes. They considered that these other forums need to direct such issues towards SECAS much earlier. We will work with these forums to implement a more streamlined approach to feeding potential issues into the modification framework sooner, and for the assessment of the issue to be done as part of the Define Stage.

SSI changes linked to a modification

SECMP0058 'Changes to the governance of the Self-Service Interface', implemented in June 2019, introduced a streamlined process for progressing changes to the Self-Service Interface (SSI) outside the modification framework. This was intended to allow for these small changes to be batched, assessed, and implemented more efficiently, without needing the full rigour of a modification each time. For standalone SSI changes, this has worked well. However, recent modifications have highlighted a lack of clarity over how such SSI changes should be progressed when required as part of that modification's wider solution. The current approach taken by the DCC is to split these changes out from the modification and progress them separately as an SSI change.

We believe that where a modification requires changes to the SSI, these elements should be included within the relevant modification. We would assess and cost the SSI changes holistically as part of the DCC Assessment for that modification, prepare the documentation changes as part of the legal text, and consult on a single holistic solution as part of the modification's consultations. This would prevent the two parts of the overall solution becoming disjointed.

The Parties we have engaged with have expressed support for this approach, noting this will need a change to the DCC's internal workings, as the DCC's SSI team appear to be detached from the modification framework. A Party did stress that any SSI change must be progressed either as part of

a modification as outlined above, or under an SSI change request, and considered that the DCC should not progress an SSI change via any other route.

Recommendations

Recommendations – business requirements and solution development
A new Requirements Workshop has been established to allow for collaborative discussion between the Proposer, SECAS, the DCC and the Service Providers, with the TABASC Chair also invited. These sessions will enable the issue to be validated and for business requirements to be clarified ahead of any DCC Assessments.
The TABASC will be engaged earlier and more frequently on any modification that could have an impact on the DCC Systems, the BAD or BAM, or any other area within the TABASC's remit. This approach has been agreed separately with the TABASC.
We will proactively triage which modifications need the input of other Sub-Committees and focus on bringing only these for discussion. When we present a modification to a Sub-Committee, we will ask clear, constructive, and concise questions for the Sub-Committee to input to.
We will work with other forums discussing SEC issues and request that any issues requiring SEC changes are directed into the SEC modification framework for discussion earlier.
We will work with the DCC to ensure that for any modifications with an SSI impact, the SSI changes are assessed holistically as part of the modification, and not split off into a separate SSI change request.

Consultation questions
4. Do you agree with the proposed approach to developing business requirements? *Please provide your rationale.*
5. Do you agree with the proposed approach for seeking Sub-Committee input on modifications? *Please provide your rationale.*
6. Do you agree that any SSI changes required to deliver a modification are assessed and delivered as part of that modification? *Please provide your rationale.*

6. The Working Group

The role of the Proposer

When we spoke to Parties, some raised the issue that the role of the Proposer isn't fully defined, and that there is inconsistency in how Proposers engage with their modifications.

We consider a Proposer's responsibilities to include:

- Owning the Proposed Solution[5], confirming their preferred solution if multiple options are presented;
- Providing clarification and prioritisation of requirements throughout the design phase, supporting the management of scope to avoid scope creep;
- Attending Requirements Workshop and Working Group meetings to support the modification and the solution design and make decisions based on feedback; and
- Continual engagement with SECAS and providing pragmatic and timely decisions to support the effective progression of the modification.

Participants who have raised modifications before broadly agreed with these points, although did acknowledge that this places a lot of onus on a Proposer. They were concerned that this leads to people not raising modifications as they are unable or unwilling to subsequently engage in its progression. They also felt the issue is that not all Proposers are aware of the requirements on them, and that this leads to some Proposers raising modifications then 'walking away', leaving the industry to manage the solution. Despite this, participants are clear that Proposer ownership should not be changed or removed.

A Small Supplier representative noted smaller participants often have a "we'll manage with this issue unless it is critical" ideology, which is why they rarely raise changes. To be a Proposer, an individual needs a certain degree of knowledge, which some smaller Parties don't have. They acknowledged the 'critical friend' support provided by SECAS makes it easier.

Parties also highlighted Proposers who are asked to raise modifications on behalf of groups or organisations that cannot. That Proposer is then held responsible for the change, even though they may have no knowledge or interest in the change. Modifications progressing Issue Resolution Proposals (IRPs) were cited as a prime example, with BEIS requiring the industry to raise modifications to correct a fault, which the Proposer must then justify to the industry. DP149 'Effecting Changes to the Smart Energy Code efficiently' has already been raised to look at this issue.

SECAS will develop a guidance note setting out the expectations on a Proposer when raising a modification, and the support that SECAS will provide to them as Code manager and a critical friend. This will be published on the SEC website and shared with prospective Proposers.

[5] CACoP Principle 6 'A proposer of a Modification will retain ownership of the detail of their solution' – please refer to the CACoP for more details.

The role of the Working Group

We asked Parties for their views as to the role of the Working Group, and their responses are available in Annex A. We have summarised these as follows (not all points will be relevant to all modifications):

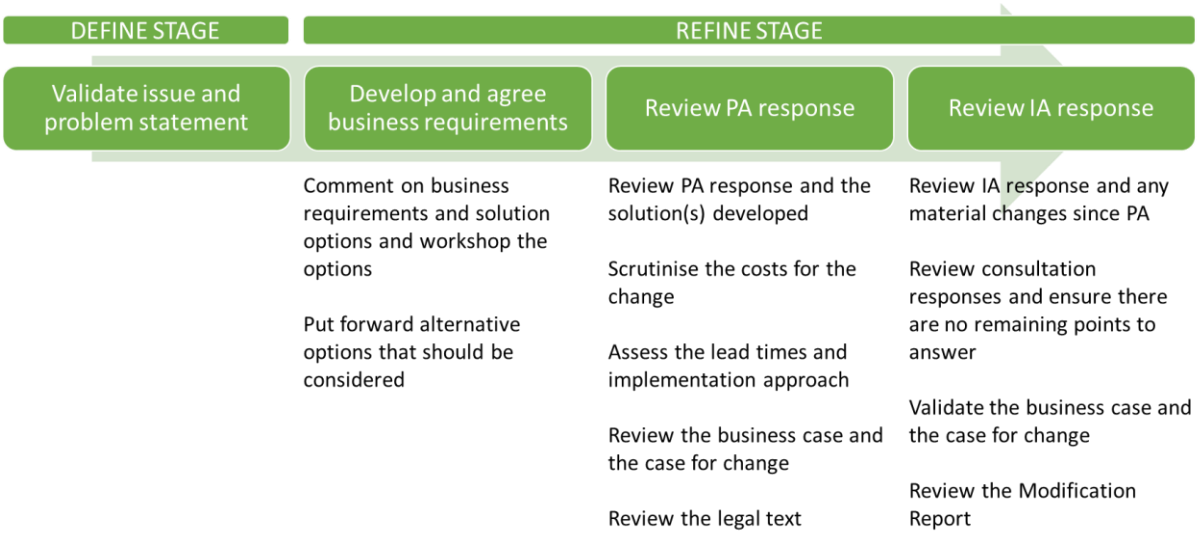
- Providing a sounding board to the Proposer;
- Developing, refining and reviewing solutions to the issue;
- Reviewing the business requirements and proposed solution options, and putting forward alternative options for consideration (see below);
- Reviewing DCC Assessment responses and commenting on the developed solution;
- Scrutinising the costs of delivery and the costs to complete a DCC Impact Assessment;
- Assessing the lead time to deliver the solution and the potential SEC Release to target;
- Providing input to any cost-benefit analysis and the business case for change;
- Providing views against the Applicable SEC Objectives and the benefits to consumers; and
- Reviewing consultation responses and ensuring the points raised have been answered.

Following the 2018 review, we introduced monthly Working Group meetings where we would discuss multiple modifications in one session. This replaced the previous approach of forming a separate Working Group for each modification. We considered that batching changes in this way meant Parties could schedule their time more effectively and would be aware when SEC change will be discussed. These sessions were introduced in April 2019 and have continued since, being scheduled for the first Wednesday of each month. Ad-hoc sessions are still held as needed for specific modifications (for example complex changes or those that require joint Working Group sessions with other Codes). Attendees have been broadly positive of this approach, and we do not propose to change this.

The approach we have taken to Working Groups means there is no ‘fixed membership’. This allows participants to attend as they wish, depending on which modifications they are interested in. However, it can also result in inconsistent input on a proposal as it is progressed. We are keen not to return to having formal Working Group membership linked to specific modifications and instead retaining the ‘discussion forum’ approach to developing solutions. That said, we acknowledge that with the Working Group being responsible for reviewing the above, we need to capture more clearly who has been involved in a given modification’s discussions across its development.

We did seek to streamline the Working Group input by fully developing solutions and completing a DCC Preliminary Assessment (where needed) before bringing the resulting straw man solution to the Working Group. However, we have concluded that not seeking more Working Group input in the earlier stages of a solution development has been detrimental, resulting in more discussion and more work being re-done. Working Group attendees have also noted that having people ‘in the room’ discussing options is helpful for bigger modifications.

We have therefore reviewed the input the Working Group should have at each step in a solution’s development. We will ensure the Working Group is better consulted on the business requirements and potential solution options for a modification prior to requesting a Preliminary Assessment, to prevent having to repeat work later. We will also consult the Working Group at the end of the Refine Stage, following the Impact Assessment, to ensure all areas have been assessed and there are no outstanding questions. The input points going forward are summarised below:



We did consider seeking the Working Group's input on the issue during the Define Stage, as a form of 'issues group'. However, we concluded that this would place additional burden on the attendees and would result in agendas being overpacked.

Following this review, we will update the Working Group Terms of Reference document to reflect the revised approach and any governance linked to this. We will discuss these changes with those who regularly attend the monthly Working Group sessions and will consult on these with Parties. We will then present these to the Panel for approval.

Workgroups under the other Codes

Most other Codes also have Workgroups involved in the assessment of modifications, with these groups responsible for producing the Modification Report to the respective Code Panel. The Uniform Network Code (UNC) has standing Workgroups based on particular topics like distribution, transmission and charging, and modifications are assigned to the respective group to be assessed. The Independent Gas Transporters Uniform Network Code (IGT UNC) has a single monthly meeting that considers all live modifications. The other Codes with Workgroups tend to have a dedicated group established for each modification, which meets as required to progress that change. The MRA and the SPAA rarely convene Workgroups due to the large amount of work done prior to a Change Proposal being raised.

Alternative Solutions

Any Code modification process is required to allow for alternative solutions to be raised and progressed alongside the Proposer's solution[6]. Currently under the SEC, only the Working Group can raise Alternative Solutions, which are then assessed and progressed in parallel with the Proposed Solution.

The Parties we received feedback from highlighted that it needs to be clearer that these can be raised, and who owns these. They also said these need to be drawn out and discussed more clearly

[6] CACoP Principle 7 'Code Administrators will facilitate alternative solutions to issues being developed to the same degree as an original solution' – please refer to the CACoP for more details.

with the Working Group. One respondent did query if the nature of the SEC lent itself to assessing multiple technical solution options.

Due to the previous changes in the Working Group noted above, and that attendance for a given modification is not 'fixed', we consider the current approach to raising Alternative Solutions does not work as envisioned. Raising an Alternative Solution requires agreement from the group, as would any subsequent decision to amend the option later or withdraw it from consideration. As the group would need to be convened each time we needed input, with the potential for different people to be in attendance, this leads to inconsistent and inefficient progression. In turn, this holds up progression of the whole modification, as Alternative Solutions need to be presented for decision alongside the Proposed Solution within the same Modification Report.

We therefore recommend that the SEC allows any participant eligible to raise a modification to also be able to raise an Alternative Solution under an existing modification. As now, any Alternative Solution would need to be fully developed and assessed (i.e. discussion with the Working Group, the Requirements Workshop and the TABASC, completing DCC Assessments, consulting the industry etc.). The Proposer of that solution would also need to demonstrate how their option would be a better solution than the Proposed Solution in resolving the identified issue (e.g. better facilitating the Applicable SEC Objectives, greater benefits for consumers, more cost-effective for Parties etc.).

Placing responsibility for an Alternative Solution on an individual allows for more efficiency in progressing the option. We would only need them to provide the input we set out under the 'Role of the Proposer' section above, rather than the whole group, and would only need their decision on how to proceed. However, we do acknowledge the potential for a Party to raise Alternative Solutions as a delaying tactic to progressing the Proposed Solution to decision. We therefore propose the Panel has the power to close down an Alternative Solution if it concludes that its Proposer is frustrating the progression of the modification.

Recommendations

Recommendations – the Working Group
We have set out the expectations on any modification Proposer and will publish guidance on this on the SEC website.
The current monthly Working Group sessions will be retained. We have set out the expected areas for the Working Group to assess as part of a modification's Refine Stage. We will update the Working Group Terms of Reference document to reflect these and consult on these changes.
Any individual eligible to raise modifications should be able to raise an Alternative Solution to a modification. These would be progressed in parallel with the Proposed Solution and would be assessed to the same level of detail.

Consultation questions
7. Do you agree with the role of the Proposer? *Please provide your rationale.*
8. Do you agree with the role of the Working Group? *Please provide your rationale.*

Consultation questions
9. Do you agree with the proposed approach to Alternative Solutions? *Please provide your rationale.*

7. DCC Assessments

The DCC's assessment process currently requires two stages of assessment:

- A Preliminary Assessment is first completed to obtain a high-level view of the DCC solution and its impacts and costs, and a cost to carry out a full assessment of the change.
- An Impact Assessment is then completed to obtain the full details of the DCC solution and the associated impacts and costs.

SECMP0034 'Changes to the SEC Section D for DCC analysis provisions', implemented in November 2018, added into the SEC a requirement for the DCC to complete a Preliminary Assessment within 15 Working Days of accepting the request, and an Impact Assessment within 40 Working Days. Parties note that the DCC often doesn't achieve these timescales and are concerned there is no incentive for the DCC to do so.

For simple modifications, this two-stage approach can be excessive and add unnecessary time and cost into the process. Parties asked in their feedback whether the Preliminary Assessment is always needed.

Parties have highlighted the Preliminary Assessment only provides the costs and lead time up to the end of Pre-Integration Testing (PIT); subsequent costs, including the ongoing 'Application Support' costs, are not assessed until the Impact Assessment. As a result, the Preliminary Assessment only provides a ballpark cost, which will often increase following the Impact Assessment. They have noted this makes their assessment of the merits of a change difficult. The Panel, the Change Board and Parties have also repeatedly expressed their frustration over the high DCC costs for impact assessing and delivering SEC modifications, and how this is creating a blocker to delivering change. 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's Collaborative Design Review and outcomes

The DCC commissioned a Collaborative Design Review looking at improving the DCC's input to modifications during the solution design phases. This review was initiated to find ways to reduce the costs and timescales associated with assessing DCC System changes. This work has focused on solution development, better quality, and more timely Assessments. Key outputs from this review include:

- Establishing the Requirements Workshop set out in section 5, enhancing collaboration, and increasing the information Service Providers receive ahead of any DCC Assessment. These will ensure Service Providers are clear on assumptions and are unified, and that any

dependencies are called out early. The DCC will also be introducing more review checkpoints with its Service Providers during a DCC Assessment to ensure it remains on track. There has been positive commitment from Service Providers to provide standard commercial input and to be involved in the Requirements Workshop. There is a strong belief from Service Providers that working collaboratively with SECAS, the DCC and Proposers will be beneficial.

- The DCC is looking at the historic costs to complete an Impact Assessment to see if it can form a standardised cost. This will allow a fixed figure to be agreed annually upfront at the beginning of the financial year based on the expected number of Impact Assessments in the coming year. The DCC would then pay Service Providers monthly. This approach, which would need to be fully transparent to Parties, would remove the need for the costs for individual Impact Assessments to be identified and approved.
- The DCC is recommending that the service level agreement (SLA) for delivering a Preliminary Assessment is increased to 25 Working Days, a target it believes it will be able to achieve. It also wishes to explore introducing a formal process into the SEC for 'stopping the clock' during an Impact Assessment if defined circumstances arise that need external input to resolve.
- The DCC will also be working with SECAS to better understand the release landscape and managing expectations with industry. It will be asking its Service Providers to make more recommendations around this.

The DCC also highlighted that its design team has been under-resourced, an issue acknowledged by the Working Group. The DCC is working to remedy this, with more technical and project management support also being built into the DCC's team. The DCC now has a much more defined business process and organisational structure.

The final report from the DCC's review is due to be presented to the SEC Panel in March 2021 along with the DCC's assessment of how it will implement the recommended changes. This will provide more detail on the areas above and how these may work. The DCC provided the SEC Panel with an update on progress at the January 2021 Panel meeting, which included a conclusion that DCC Assessment timescales have reduced by 10% over 2020[7].

Recommendations

Recommendations – DCC Assessments
The outcomes from the DCC's Collaborative Design Review will be contained in a separate report provided by the DCC. Key recommendations from this will include: • Introducing greater collaboration with Service Providers before and during a DCC Assessment; • Identifying a fixed cost for Impact Assessments charged separately as part of the DCC's annual budget; and • Reviewing the Preliminary Assessment SLA and introducing a 'stop the clock' process for active Assessments.

[7] Please see Panel paper SECP_88_1501_15 for details – a non-confidential (White) version is available to download here.

Consultation questions
10. Do you have any comments on the proposed enhancements to delivering DCC Assessments? *Please provide your rationale.*

8. Seeking wider input

Enhancing Party engagement

Party input into the process is key, 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. SECAS encourages Parties to provide comments 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.

The Parties we spoke to feel that the Working Group sessions and the consultations offer enough opportunities for Parties to input to modifications. They did acknowledge that we would need to talk to the Parties that don't engage to understand why this is. One RFI respondent did note that there is only so much that can be done to improve this.

At the industry workshop, one attendee suggested SECAS could provide further support services for smaller Parties, though recognised this would be a big undertaking. Another attendee suggested quantifying the benefit for smaller Parties of being involved. They also noted other subscription services that disseminate information to Parties, and whether something similar could be done by SECAS for modifications. A further attendee noted adapter providers represent small Parties and help on their behalf. These organisations themselves will flag modifications and issues to the smaller Parties and feed responses back into the process.

SECAS is currently working on digital innovations that could allow for greater Party engagement outside meetings and will update Parties on this in due course. Alongside this, we are monitoring the REC Portal being set up under the REC. We are keen to understand how well this works and whether this can be leveraged.

We also hold monthly sessions for members of different Party Categories to receive an update on developments. These include an update on any modifications likely to be of interest to those Parties. If you would like to attend one of these sessions, please email secas@gemserv.com.

Streamlining modification consultations

The SEC currently requires the following consultations to be carried out:

- **Refinement Consultation:** The Working Group is required to issue at least one consultation during the Refine Stage to seek Parties' views on the solution being developed. SECAS prepares and issues this on the Working Group's behalf. During this consultation, we seek views on the solution(s) developed, its implementation approach and the draft legal text. We ask Parties to assess the impacts, costs and lead times for them to implement the solution(s),

if it was approved. We also ask for views on the merits of the change and to provide input to the business case.

- **Modification Report Consultation:** The MRC is issued in the Opine Stage after the Panel has finalised the Modification Report. This simply asks respondents whether they believe the modification should be approved or rejected, to assist the Change Board in making its decision.

In line with the CACoP, we aim to issue consultations for a 15 Working Day period[8].

Streamlining the final consultation

Parties have queried the value of the MRC, and how much attention it receives from the Change Board. This consultation provides very little new information but adds an extra month to the process and requires additional effort from those Parties who do respond. One RFI respondent considered the timescales for consultations could be reduced if the change was straightforward.

We have developed two proposals for how this step could be streamlined:

- **Proposal A: The MRC could be made optional for any modification that undergoes the Refine Stage**

  Under this proposal, the Panel would be able to direct that the MRC could be skipped if it feels there is no benefit to re-consulting the industry prior to Change Board vote. This could be because there has been no change to the solution or any material issues raised since the Refinement Consultation was issued, meaning the industry would be being re-consulted on a largely identical report. This could not happen for any modification that progressed directly from the Define Stage to the Opine Stage.

- **Proposal B: All modifications undergo the Refine Stage for industry consultation before the Modification Report is finalised and issued for vote**

  Under this proposal, all modifications would undergo the Refine Stage, even if the only activity to be completed is for an industry consultation to be carried out. Currently, any material comments raised in the MRC could not be resolved without the Change Board sending the Modification Report back to the Working Group. This revised approach would allow for any such comments raised to be resolved much more efficiently before the Modification Report is finalised. A modification would only progress to Opine Stage when ready to be issued straight to the Change Board for the vote.

We are seeking views on these proposals as part of this consultation.

Consultation earlier in the framework

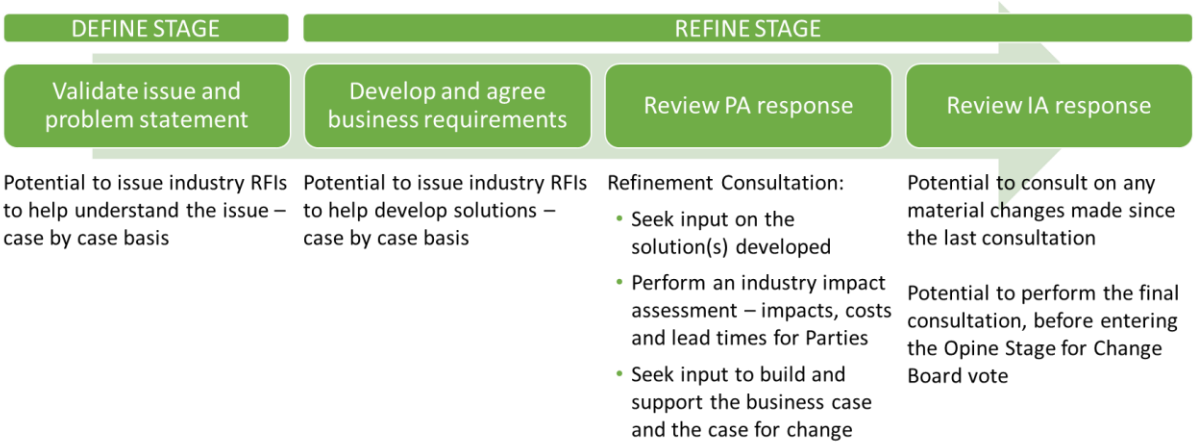
The Parties we have spoken to have also highlighted more flexibility is needed around consultations. While the SEC only requires one consultation to be carried out during the Refine Stage, some modifications may need more, particularly for complex modifications with evolving solutions. That said, clear rationale and value is needed before issuing a consultation.

[8] CACoP Principle 10 'Modifications will be consulted upon and easily accessible to users, who will be given reasonable time to respond' – please refer to the CACoP for more details.

We agree that more flexibility is needed. For some larger or more complex modifications, this may take the form of less formal RFIs being issued in the earlier stages, for example to help understand the scale of the issue or to feed into the development of business requirements.

For modifications requiring DCC Assessments, we would normally aim to issue the Refinement Consultation between the Preliminary Assessment and the Impact Assessment. We will consider on a case-by-case basis whether this is the right point for each modification, and whether issuing this at another point, or issuing more than one, would be more beneficial for the assessment of that change.

Our view on likely consultation points is shown below:



Responding to comments raised

Several Parties have highlighted the need for greater transparency over how comments and queries raised in Working Groups and consultations are handled. They stress that SECAS should be feeding back to Parties on any points raised.

We aim to highlight and close off all points raised within the Modification Reports, although we acknowledge this isn't always the clearest means of showing this. We also respond directly to the respondents with answers to their comments and queries. For consultation responses, we will review our collated responses template and add in an additional column providing a clear response to any points or queries raised. As noted in section 6 above, we will also ask the Working Group to confirm it is content that all the points and queries raised have been highlighted and answered within the Modification Report before we take it to the Panel.

Recommendations

Recommendations – seeking wider input
We will continue to review how we can support smaller participants to engage with and input to modifications. We hold regular sessions with members of different Party Categories where relevant modifications are highlighted. We are also developing digital solutions which will facilitate this.
We have identified two potential options for streamlining the final Modification Report Consultation and seek your views on taking this forward.

Recommendations – seeking wider input
We will be taking a more flexible approach to seeking Party input across the framework, including issuing more than one Refinement Consultation if required and making better use of RFIs. Any additional consultations issued will need to have a clear purpose and benefit.
We will provide specific responses to points and questions raised in consultations within our collated responses documents, as well as continuing to ensure these are highlighted in the Modification Report.

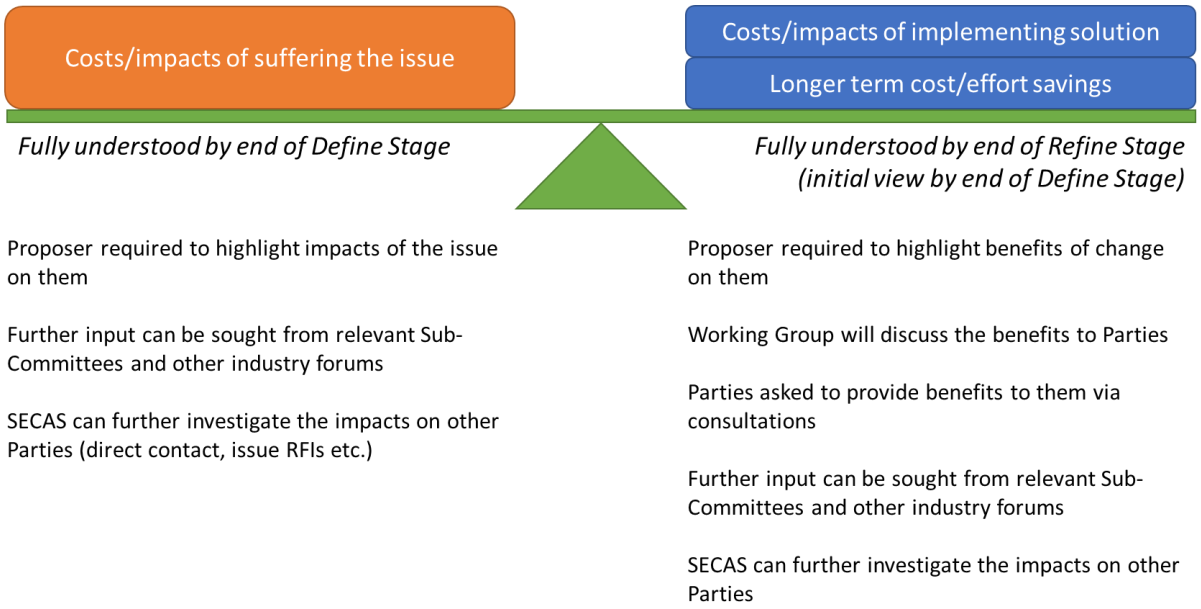
Consultation questions
11. Do you agree with the proposals for streamlining the final Modification Report Consultation? *Please provide your rationale, including which option (if either) you prefer.*

9. Developing the case for change

Authority decisions on recent modifications have highlighted the importance that 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.

RFI respondents noted that greater engagement is needed early on to better understand the scale of the impacts, and that clearer discussion on the business case is needed at the Working Group. SECAS needs to provide greater challenge where no case for change has been presented. Parties highlight that modifications impacting the DCC Systems would not be expected to be implemented as a standalone release, and so the DCC costs need to be assessed on the basis it will form part of a bigger release. However, we note previous views from Ofgem that each modification needs to be assessed on its own merits, and we have been providing a standalone implementation cost to support this.

At the root of any business case for change is an assessment of the costs and impacts of doing nothing versus the costs and impacts of implementing the solution plus the longer-term cost and effort savings this would bring. We have assessed the input needed to help gather information for this, which is summarised below:



Parties suggested that when seeking views on Party implementation costs and cost benefits, SECAS should provide a set of cost ranges which respondents can select from. This will allow respondents to provide a rough order of magnitude assessment of their costs more easily, to feed into any assessment. We will implement this approach in our consultation response forms.

One workshop attendee suggested scales could be provided for scoring the magnitude of impacts, for example by scoring each on a scale of one to ten. A single scale could be defined for all modifications or this could be defined specifically for each modification. Where there are multiple solution options, a weighted options appraisal could be used to assess which is best. As with the costs, this approach would allow us to perform a rough order of magnitude assessment of the impact and severity of doing nothing and of making the change. We will explore this proposal further.

A modification also needs to look at unquantifiable costs and impacts outside the DCC, including on non-SEC Parties, for example, any contractual costs that organisations will incur. SEC Party costs need to be better factored into the Modification Report and therefore the final decision. Any cross-Code changes impacting on the smart arrangements also need better assessment, with Parties concerned that the smart arrangements don't consider the impact on other parts of the industry, or vice versa. We will take these comments on board for current and future assessments. We will also work with the other Code Administrators via the CACoP Forum to enhance cross-Code assessment, and this has been added to the Forum's 2021 Forward Work Plan.

A workshop attendee asked whether there would be any assessment from the DCC or Parties at the Define Stage, to provide an indication of costs and benefits and where that would be coming from. They also asked how a Proposer could understand the costs and impacts on other Parties of the issue. We will ensure we support the Proposer to fill in any gaps to build a fuller understanding of the scale of the issue, which may include issuing an industry RFI. We also ask Parties to raise with us early any options they may have thought of that wouldn't impact the SEC, so these can be assessed in the Define Stage.

Recommendations

Recommendations – developing the case for change
We will be enhancing the points and sources from where we obtain information to use in developing the business case. This will include the Proposer, the Working Group, other Sub-Committees, industry consultations and directly reaching out to Parties.
For consultation questions relating to costs or cost benefits, we will list a set of cost ranges in the response forms. Respondents can then tick which range they expect their costs to fall into. We will further explore how a similar approach can be used to measure the magnitude of the impacts on Parties.
We will enhance the Modification Report to better draw out the costs and impacts on Parties and for any corresponding changes required to other Codes.

Consultation questions
12. Do you have any further views or comments on how the benefits case for a change can be better developed?

10. After the decision

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 modification. Prior to the review, some Parties had raised this with us as an area that could be improved.

In addition, there may 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.

When we spoke to Parties, some could see benefits in being able to make minor amendments as the DCC progresses with the detailed design and build stages during implementation. However, Parties were clear any approvals process for these needed to be transparent, and that this should be used by exception and not become the rule. One RFI respondent raised a concern that changing the legal text could affect the costs upon which the final decision had been based.

We note that the Fast-Track Modification process was introduced to allow typographical and other minor errors to be quickly resolved. In the event such a change is needed to the legal text after the modification has been approved, we will streamline how the modification would be raised and progressed. If more material clarification is needed, for example to align design details not originally identified, a standard Modification Proposal would need to be raised; these would likely be able to proceed directly to the Opine Stage.

We asked the workshop attendees if there was any benefit in seeking post-decision approval of any low-level detail in the legal text. Fully scrutinising the legal text during the Refine Stage could delay the modification's implementation if it then misses a decision cut-off point. Service Providers may not have enough time in their Impact Assessment SLA to deliver the fully detailed legal text, for example schema changes, up-front. Additional clarifications may also be identified as the DCC enters the detailed design and build phases of implementation, as were identified under MP124 'Consequential changes to DUIS and MMC' as part of the November 2020 SEC Release.

Our proposed approach for progressing such changes is:

- We would first need to clearly identify which documents or parts of documents this approach could be applied to.
- Where this approach is needed, the elements requiring post-decision approval would need to be agreed during the modification's refinement and called out clearly in the Modification Report.
- A nominated Sub-Committee would then be given the responsibility to review and approve the changes during the modification's implementation, with an industry consultation on the proposed text issued beforehand.

Attendees were not supportive of introducing such an approach and considered this should be managed the same as under other Codes. The DCC also confirmed it would seek to ensure all details, including schema changes, were developed prior to the Change Board's vote on a modification. The consensus was that a post-decision approvals process for legal text would not be beneficial.

Release management

In 2019, we reviewed and updated the SEC Release Management Policy to document the procedures around SEC Releases[9]. This approach, which was largely based on theory, has now been tested out on recent SEC Releases.

A key question we sought to examine was around setting implementation dates. The current expectation for setting implementation dates, 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.

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. A key example is MP143 'Incorporating IRPs into GBCS v3 series', which is proposing that a set of minor clarifications are made to the Great Britain Companion Specification (GBCS) v3.x series. These changes would be beneficial to implement, but on their own would not be material enough to warrant an uplift to GBCS v3.3. However, it is not clear when, or if, a material change to the GBCS v3.x series will next be implemented that MP143 could be aligned with.

[9] Please see Panel paper SECP_72_1309_15 for details. The current SEC Release Management Policy can be downloaded here.

As things stand, we could move to approve the modification with an assumed date and ask the Panel to write to the Authority as needed to amend the implementation date over subsequent months. Alternatively, the modification could be left on hold in the Refine Stage until another change to the GBCS v3.x series is approved that it can be aligned with.

Parties could see some benefit to more flexibility but stressed strict governance and a clear benefits case was needed each time it was used. Changing the go-live date of a change could materially affect the cost-benefits case and have a knock-on impact to Users.

Parties also noted greater benefits could be realised with smarter targeting of modifications to releases, and ensuring Users are given enough lead time to implement their changes. The current release strategy seems to focus on implementing piecemeal changes, whereas releases could be better aligned to how smart metering technology is expected to evolve over time. One Party flagged there is often a lag time between a technical change going live and Parties deploying the changes to their Devices. The release strategy could be better optimised to deploy changes based on when they will be able to be used, rather than base deployment on a fixed release calendar.

Wider changes from BEIS and Ofgem need to be factored in, as these will take up release space. One Party also considered that release management doesn't work or does not seem to be considered by the DCC, noting that the DCC's pipeline of change may not align with when Parties want changes to be implemented.

We are working with the DCC to develop a smarter approach to release planning. This may include considering possible releases for a modification as early as the Define Stage, and batching changes targeted for a given SEC Release accordingly. The other enhancements set out across this document will help to make the overall timetables for modifications more predictable, which will in turn help with release planning.

The DCC has highlighted that its policy is to deploy system changes over a weekend, usually Saturday night into Sunday morning. This provides contingency should the deployment take longer than expected or if issues arise. However, the SEC Release Management Policy sets out that the scheduled releases go live on a Thursday (specifically the last Thursday in February, the last Thursday in June and the first Thursday in November). This approach was originally adopted under the SEC to align with most other Codes, who follow the same set of dates, facilitating parallel implementation of cross-Code changes.

Noting this, we seek respondents' views as part of this consultation on whether the scheduled SEC Release dates should remain aligned with the other Codes, as currently, or if a separate approach is required under the SEC. We will feed these views in when developing a smarter release planning approach with the DCC.

Consequently, we are not recommending any changes to allow for greater flexibility with setting a go-live date for a change. We also believe that the SEC Release Management Policy does not need changing now but should be reviewed again once a smarter approach to release management is better evolved and understood.

Recommendations

Recommendations – after the decision
A process for amending modification legal text following final approval will not be created. Instead, we will increase the time assigned to legal text review during the Refine Stage to ensure it is fully comprehensive. We will also further streamline how Fast-Track Modifications are managed in the event an error does need correcting during implementation.
We have proposed a mechanism that could be adopted for developing parts of the low-level detail in the legal text post-decision. However, there was no support from Parties for this to be taken forward.
We considered introducing greater flexibility with setting implementation dates for a modification. Any flexibility introduced would need strict governance and a clear benefits case. However, we are not recommending any changes to how we set implementation dates at this time.
We will work with the DCC to develop a smarter approach to release planning. At this time, we do not believe the SEC Release Management Policy document needs amending.

Consultation questions
13. Do you believe the mechanism for developing parts of the low-level detail in the legal text post-decision should be taken forward? *Please provide your rationale.*
14. Do you believe the dates for the scheduled SEC Release should be revised? *Please provide your rationale, including, where applicable, your thoughts on any revised approach or schedule.*
15. Do you have any further views or comments on SEC Release management?

11. Next steps

We are issuing our findings and proposed recommendations for changes for industry comment via this consultation. We will review the responses we receive and liaise with the respondents as needed to ensure we have fully understood and responded to their comments. We will then update and finalise this report and present it to the Panel; we are expecting to present this to the April 2021 meeting.

A significant majority of the changes we want to make can be done within the existing SEC wording, and we are intending to roll these out by the end of March 2021. We will seek to launch a Draft Proposal in April 2021 to pick up any recommendations that would require a change to the SEC.

As part of this modification, we intend to carry out an end-to-end redraft of SEC Section D to ensure it is fully clear and structured in the most effective manner. 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.

Appendix 1: Glossary

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

Glossary	
Acronym	**Full term**
BAD	Business Architecture Document
BAM	Business Architecture Model
BEIS	Department for Business, Energy and Industrial Strategy
CACoP	Code Administration Code of Practice
CSC	Change Sub-Committee
DCC	Data Communications Company
DCUSA	Distribution Connection and Use of System Agreement
GBCS	Great Britain Companion Specification
IGT UNC	Independent Gas Transporters Uniform Network Code
MRA	Master Registration Agreement
MRC	Modification Report Consultation
PIT	Pre-Integration Testing
REC	Retail Energy Code
RFI	request for information
SEC	Smart Energy Code
SECAS	Smart Energy Code Administrator and Secretariat
SLA	service level agreement
SPAA	Supply Point Administration Agreement
SSI	Self-Service Interface
TABASC	Technical Architecture and Business Architecture Sub-Committee
TSIRS	Technical Specification Issues Resolution Sub-group
UNC	Uniform Network Code