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MP186

‘Section D Review (2020): further enhancements’

Modification Report

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About this document

This document is a Modification Report. It sets out the background, issue, solution, impacts, costs, implementation approach and progression timetable for this modification, along with any relevant discussions, views and conclusions.

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This document also has four annexes:

- **Annex A** (attached separately) contains the redlined changes to SEC Section D 'Modification Process' required to deliver the Proposed Solution, including supporting commentary¹.
- **Annex B** contains the clean changes (no mark-up) to SEC Section D required to deliver the Proposed Solution.
- **Annex C** contains the redlined changes to the other parts of the SEC required to deliver the Proposed Solution.
- **Annex D** contains the full responses received to the Refinement Consultation.

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¹ Annex A is a document compare between the clean changes of SEC Section D (Annex B) and the live SEC Section D, with supplementing commentary to explain the changes to due to the way the changes are presented.

1. Summary

This proposal has been raised by Sasha Townsend from the Data Communications Company (DCC).

In October 2020, the SEC Panel agreed to SECAS carrying out an end-to-end review of the SEC modification framework². Several areas were investigated to identify any improvements that could be made.

Most of the recommendations from this SEC Section D Review could be implemented within the current wording of SEC Section D. However, a few of its recommendations will require changes to SEC Section D to deliver. This modification was raised to progress these changes further.

The Proposed Solution is to address each of the recommendations made by the SEC Section D review (2020) requiring a Modification Proposal. This includes the recommendation to holistically update SEC Section D to ensure it is fully clear and structured in the most effective manner. These changes will improve the efficiency and transparency of the process, as well as aligning the SEC to match current working practices.

The costs of this proposal are limited to Smart Energy Code Administrator and Secretariat (SECAS) time and effort to implement the changes. This modification will impact all Parties engaged in the Modification Process. It is targeted for the November 2022 SEC Release and is being progressed as an Authority Determined Modification.

2. Issue

What are the current arrangements?

SEC Section D Review 2020

In early 2018, SECAS carried out a review of the SEC modifications process in SEC Section D 'Modification Process'. Its 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 DCC Impact Assessment requests.

Since these changes were implemented, SECAS has continued to explore ways of performing parts of the process in a more streamlined manner. It has also progressed over 100 further modifications, allowing it to make further learnings.

In October 2020, the SEC Panel agreed to SECAS carrying out an end-to-end review of the SEC modification framework². The following areas were investigated to identify any improvements that could be made:

- Reviewing the changes from the previous review
- Reviewing the oversight of the modification framework
- Reviewing the development of business requirements
- Reviewing how Sub-Committee input is gathered

² Please see SEC Panel paper SECP_85_1610_18 (Green) for more information.

- Reviewing the role of the Working Group
- Reviewing the timescales of DCC Assessments
- Reviewing the way in which Party input is gathered
- Reviewing how the business case for change can be developed and documented
- Reviewing approaches to reduce DCC costs
- Reviewing the process for making the final decision on modifications
- Reviewing whether legal text changes can be made following the modification's approval
- Reviewing the governance of SEC Releases and implementation dates

Following extensive industry consultation and engagement, SECAS presented its final recommendations to the Panel in April 2021³.

Review recommendations requiring a Draft Proposal

Most of the recommendations from the SEC Section D Review could be implemented within the current wording of SEC Section D. However, a few of its recommendations require a modification to deliver. These include:

- Moving the Change Board's responsibility for approving the costs of an Impact Assessment to the Change Sub-Committee (CSC).
- Simplifying the Self-Governance appeal route so that any appeal of the Change Board's decision under Self-Governance would be submitted directly to the Authority.
- Revising who can raise an Alternative Solution, moving this away from the Working Group and instead allowing individual Parties eligible to raise a Draft Proposal to raise and own an Alternative Solution.
- Further examining and developing the DCC's recommendation that the Preliminary Assessment duration be increased to 25 Working Days and that enhancements to the mechanism for extending DCC Assessment timescales be introduced.
- Further investigating whether and how the current approach to Modification Report Consultations (MRCs) can be simplified.

Neither SECAS nor the Panel can raise a Draft Proposal to take this forward, and so SECAS advised the Panel that it would seek a sponsor to raise a Draft Proposal on its behalf. The DCC agreed to raise this modification on SECAS's behalf.

What is the issue?

The SEC Section D review identified several areas of the Modification Process which could be improved. The review made recommendations aimed at improving the process as a result. However, several of these recommendations cannot be delivered without a Modification Proposal being raised.

³ Please see SEC Panel paper SECP_91_1604_20 (White) for more information, including the SEC Section D Review (2020) Final Report

This is due to the rules for these areas being outlined within SEC Section D. The issues identified which require changes to the SEC to address are summarised below.

Approval of costs for an Impact Assessment

In July 2021, the Panel agreed to delegate its responsibilities for overseeing modifications to the CSC. For completeness, SECAS also recommended 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. However, moving this role will require a SEC change as there is no provision for Sub-Committees to pass responsibilities to each other.

This split results in fragmented and less efficient governance, with no single group having full end-to-end oversight of the assessment of a modification as different responsibilities are split between the CSC and the Change Board.

Self-Governance decisions appeal route

Currently, if a Change Board decision under Self-Governance is appealed by a Party, the Panel (now delegated to the CSC) 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.

Under most of the other Energy Codes, decisions on modifications are made by the Code Panel. Therefore, the Authority is the only viable body for any appeal on a Self-Governance decision to be referred to. However, the SEC's approach of having modification decisions be made by a Sub-Committee (in this case the Change Board) means there is scope to refer decisions upwards within the SEC governance framework (in this case to the Panel). This allows for appeals on Self-Governance decisions to first be heard and ruled on under SEC governance without needing Authority input, which SECAS acknowledges enhances the realisation of the principle behind Self-Governance.

Of the 85 decisions made under Self-Governance (up to April 2022), only two have been appealed by a Party. However, on each of these occasions, the Panel's subsequent decision was also then appealed to the Authority. In these cases, the input from the Panel added another month onto the decision timeline, and required additional SECAS time and effort to manage, for no perceived benefit.

The issue identified is one of a lack of efficiency with the current process, whereby referrals are assessed via the Panel (now delegated to the CSC) before only being referred again to the Authority.

Raising Alternative Solutions

Code Administrators must facilitate alternative solutions to be raised and progressed alongside the Proposer's solution⁴. Currently under the SEC, only the Working Group can raise Alternative Solutions, which are then assessed and progressed in parallel with the Proposed Solution.

Due to the revised approach to Working Groups following the previous review, and that attendance for a given modification is not 'fixed', SECAS considers the current approach in the SEC for raising Alternative Solutions does not work as envisioned. Raising an Alternative Solution requires

⁴ Code Administration Code of Practice (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.

agreement from the Working 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 its input is needed, 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.

DCC Assessments

[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. In addition, the DCC notes that no consideration is given to the size of a modification when setting response times, or when the DCC has to pause an assessment due to reasons outside of its control or to the scope of a modification. The DCC believes these provisions should be updated considering lessons learnt over the subsequent years since SECMP0034 was implemented.

Modification Report Consultations

The SEC currently requires an MRC to be issued in the Report Phase after the Panel (since delegated to the CSC) 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.

Alternative approaches to this consultation were considered under the review, but there was no clear consensus from the industry on the best approach. The review concluded that as any changes to the MRC provisions would require changes to the SEC, this question should be further investigated under any follow-up modification.

Oversight of modification progression and timetables

In July 2021, the Panel fully delegated its duties for overseeing modifications' progression and timetables to the CSC, as recommended under the review. These, along with all other delegations, can be found in the [SEC Delegations Register](#). SECAS agreed to monitor how well this is working and if successful, it would also recommend the relevant parts of SEC Section D be updated through this modification to make these arrangements enduring.

If the industry deems the CSC's role in overseeing modifications to have been successful, the SEC should be updated to reflect its enhanced role as enduring. Otherwise, the industry could be led to believe that the Panel still has oversight of the process if they were to just read SEC Section D without looking at the Delegations Register as well.

Re-wording of SEC Section D

SECAS also recommended in the SEC Section D Review that this modification would present an opportunity to holistically update the whole of SEC Section D to ensure it is fully clear and structured in the most effective manner, and accurately reflects current working practice. SECAS intends for

SEC Section D to lay out the framework for progressing modifications and any key governance procedures. Given the extremely varied nature of modifications, it is 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.

What is the impact this is having?

All of the above issues are creating inefficiencies and inconsistencies within the Modification Process. This is hindering the industry from identifying the most cost effective and efficient solution and adding time to the duration of modifications.

Making the Modification Process easier to engage in will encourage Parties to come forward and identify issues in the SEC that need to be resolved.

Impact on consumers

This issue does not impact consumers.

3. Solution

Proposed Solution

The Proposed Solution is to address each of the recommendations made by the SEC Section D Review (2020) requiring a Modification Proposal. These will improve the efficiency and transparency of the process, as well as aligning it to match current working practices. The solutions for each recommendation made by the review requiring a modification are detailed below. Each of the corresponding amendments to the legal text have been extensively reviewed by the SECAS Lawyer.

Annex A contains the full redlined changes to SEC Section D for this modification. This includes commentary on each change to highlight where the proposed change has originated from.

Approval of costs for an Impact Assessment

This modification proposes that the approval of costs for an Impact Assessment be moved from the Change Board to the Panel, who would be recommended to delegate this to the CSC. This will result in a single group having full end-to-end oversight of the assessment of a modification during the Refinement Process.

Raising Alternative Solutions

This modification proposes that the SEC allows participants eligible to raise new Draft Proposals to be able to raise an Alternative Solution under an existing modification. Placing responsibility for an Alternative Solution on an individual also then allows for more efficiency in developing and progressing that option.

DCC Assessments

Extending the duration of open DCC Assessments

Enhancements to the existing mechanism for extending the duration of an active DCC Assessment are proposed for when measuring the DCC's performance against delivering DCC Assessments. This would allow for additional time during a DCC Assessment to complete the assessment for the following scenarios:

- Reprioritisation of modifications by SECAS and the CSC meaning a DCC Assessment should be paused
- Changes to the business requirements mid-way through a DCC Assessment
- DCC Assessment unable to progress due to complex clarifications raised which prohibits progress
- Allowing the DCC to challenge Service Provider costs upon the Service Providers providing their assessments to the DCC

This modification proposes that when the DCC wishes to extend the deadline for an active DCC Assessment, the DCC would need to send the request to SECAS. SECAS would subsequently review and provide a decision on the request. The Panel would be informed of the request and SECAS's determination and could choose to overturn SECAS's decision if it felt it appropriate to do so.

Preliminary Assessment SLA

This modification proposes that the service level agreement (SLA) for the DCC to complete a Preliminary Assessment is extended from 15 Working Days to 25 Working Days. This would allow sufficient time for the DCC to challenge its Service Providers on the responses submitted, as well as address complex or high volumes of clarification requests. It also reflects the increased number of Service Providers potentially needing to feed into the Preliminary Assessment, considering the Smart Metering Equipment Technical Specifications (SMETS) 1 Service Providers (S1SPs) might also be impacted.

Re-wording of SEC Section D

This modification proposes to holistically update the whole of SEC Section D to ensure it is fully clear. This will include re-wording clauses in plainer English, aligning relevant parts to match current working practices, and restructuring the document in a more logical format to align with the order of steps in which the process is carried out.

Various terms related to the Modification Process have been added to and amended within SEC Section A 'Definition and Interpretation' to increase transparency. The updated definitions are intended to provide a clear explanation of the term rather than simply referring to other sections of the SEC where the term is described.

In addition, a clear statement has been inserted which clarifies the Change Board can approve the correction of any non-material typographical errors or other minor factual inaccuracies within the legal text that do not change the intention of the modification following the Modification Report Consultation. This aligns with recent decisions where this has been carried out successfully.

Dropped proposals

Following the feedback received during the Refinement Process, the proposed enhancements to the following areas were dropped from the Proposed Solution:

- Self-Governance decisions appeal route
- Oversight of modification progression and timetables
- Modification Report Consultations

The discussions on these areas and the rationale for their being dropped can be found in Section 7 below.

4. Impacts

This section summarises the impacts that would arise from the implementation of this modification.

SEC Parties

SEC Party Categories impacted			
✓	Large Suppliers	✓	Small Suppliers
✓	Electricity Network Operators	✓	Gas Network Operators
✓	Other SEC Parties	✓	DCC

Breakdown of Other SEC Party types impacted			
✓	Shared Resource Providers	✓	Meter Installers
✓	Device Manufacturers	✓	Flexibility Providers

This modification will indirectly impact all SEC Parties as it proposes changes to the Modification Process. No element of the solution is specific to a particular Party Category. Other than the DCC, Parties will not need to make any changes to implement MP186, and will only be affected if they participate in the modification framework.

The changes in this modification are aimed at helping all Parties participate in the Modification Process by making it more efficient and easier to navigate.

DCC System

This modification does not impact the DCC Systems.

SEC and subsidiary documents

The following parts of the SEC will be impacted:

- Section A 'Definitions and Interpretation'

- Section C 'Governance'
- Section D 'Modification Process'
- Section G 'Security'
- Section L 'Smart Metering Key Infrastructure and DCC Key Infrastructure'

The proposed changes to the SEC to deliver the Proposed Solution can be found in Annexes A, B and C. Annex A contains the redlined changes to SEC Section D for this modification, along with commentary on each proposed change. Annex B contains a 'clean' copy of SEC Section D if the proposed changes were accepted. Annex C contains the redlined changes to the remaining SEC Sections impacted by MP186.

Devices

This modification does not impact Devices.

Consumers

This modification does not impact consumers.

Other industry Codes

This modification does not impact any other industry Codes.

Greenhouse gas emissions

This modification does not impact greenhouse gas emissions.

5. Costs

DCC costs

This modification will not incur any DCC costs.

SECAS costs

The estimated SECAS implementation cost to implement this as a stand-alone modification is two days of effort, amounting to approximately £1,200. This cost will be reassessed when combining this modification in a scheduled SEC Release. The activities needed to be undertaken for this are:

- Updating the SEC and releasing the new version to the industry;
- Updating the Working Group Terms of Reference; and
- Updating the Modification Process guidance documents and publishing these on the SEC website.

SEC Party costs

This modification will not incur any Party costs to implement.

6. Implementation approach

Approved implementation approach

The CSC has agreed an implementation date of:

- **3 November 2022** (November 2022 SEC Release) if a decision to approve is received on or before 20 October 2022; or
- **23 February 2023** (February 2023 SEC Release) if a decision to approve is received after 20 October 2022 but on or before 9 February 2023.

This modification does not impact the DCC or SEC Party Systems or business processes and can be implemented in any scheduled SEC Release. The earliest release this modification can be targeted for is the November 2022 SEC Release. All four Refinement Consultation respondents advised they could implement MP186 immediately and one respondent suggested that MP186 could be targeted at an ad hoc SEC Release as a result.

7. Assessment of the proposal

Observations on the issue

SECAS noted that the issues highlighted in this modification had been discussed and consulted on under the Section D review, where it had been agreed to raise a modification to take them forward. Due to the extensive discussions held under the review, SECAS believed the issues were fully clear and this modification should proceed to the Refinement Process to begin assessing solutions. The CSC had no further comments on the issues and agreed the Draft Proposal should progress as a Modification Proposal.

As part of the modification's initial assessment, SECAS engaged the Chairs from the Operations Group (OPSG), the Technical Architecture and Business Architecture Sub-Committee (TABASC), the Security Sub-Committee (SSC) and the Smart Metering Key Infrastructure Policy Management Authority (SMKI PMA) to confirm what input, if any, was required from their forums. It was agreed that no input was needed from these forums as this modification did not impact any of their areas of responsibility.

Solution development

Ofgem noted that it is supportive of SECAS, the Panel and the DCC working together to identify improvements in the Modification Process. However, it advised the Working Group that it would

expect the current arrangements to be assessed and the reasons for amending or removing any steps to be fully justified, demonstrating how the proposal is an improvement on the current arrangements, with all relevant information to be submitted. Ofgem added it encourages Code bodies to explore the arrangements in other industry Codes to identify any improvements that can be made in their own Code, but any such change needs to be assessed in the context of the Code in question to ensure that it is appropriate and beneficial.

Responsibility for approving Impact Assessment costs

SECAS explained the issue and proposed solution for this area. The Working Group had no comments on the proposal.

The Panel and all four Refinement Consultation respondents also agreed that the approval of DCC Impact Assessments should be moved from the Change Board to the CSC. One respondent suggested that for more controversial modifications, an option be allowed for the CSC to refer the decision back to the Change Board. SECAS believed this to be inefficient and an unnecessary two-tier process. It also noted that Sub-Committees cannot pass delegated responsibilities to each other.

Following the decision to not update SEC Section D to make the CSC's oversight of modifications enduring (see below), this responsibility will be placed on the Panel within the legal text. The Panel would then be recommended to delegate this responsibility to the CSC, in line with the other responsibilities.

Simplifying the Self-Governance appeal route

Rationale

SECAS recommended in the SEC Section D review that if a Change Board decision under Self-Governance is appealed by a Party, the appeal be issued directly to the Authority. Currently, if a Change Board's decision is referred by a Party, the Panel (delegated to the CSC) would be asked to review the Change Board's decision. That decision would then be subject to a further referral period. Only after the Panel's decision is referred 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.

Under most of the other Energy Codes, decisions on modifications are made by the Code Panel. Therefore, the Authority is the only viable body for any appeal on a Self-Governance decision to be referred to. However, the SEC's approach of having modification decisions be made by a Sub-Committee (in this case the Change Board) means there is scope to refer decisions upwards within the SEC governance framework (in this case to the Panel) before involving the Authority. This allows for appeals on Self-Governance decisions to first be heard and ruled on under SEC governance without needing Authority input, which SECAS acknowledges enhances the realisation of the principle behind Self-Governance. A two-step appeals process allows an opportunity for the Panel (or the CSC) to provide a view on the appropriateness of the appeal and a further viewpoint on the modification before any appeal is subsequently submitted to the Authority.

However, in both the previous cases where a Self-Governance decision was appealed, the review and determination by the Panel did not prevent the modifications from subsequently being referred to the Authority. In these cases, the input from the Panel added another month onto the decision timeline, and required additional SECAS time and effort to manage, for no tangible benefit. SECAS considered that future appeals on Self-Governance decisions would likely result in the same outcome

and end up with the Authority for final determination. Therefore, while appeals on Self-Governance decisions are expected to be rare, removing the interim step and having such appeals submitted directly to the Authority would improve the overall efficiency of the modification framework.

Industry views and subsequent conclusion

Three of the four Refinement Consultation respondents were supportive of this proposal. However, one respondent advised that the current process where an appeal to a Change Board decision goes first to the Panel should remain. They believed Codes should be prompted to attempt to address their own issues where possible on a Self-Governance matter, before any escalation to the Authority. They added that going to the Panel at least prompts a conversation amongst Panel representatives (including Ofgem) on the topic, meaning Ofgem would be better briefed on the views and rationale of the case, if it did end up being subsequently appealed to the Authority. This ensures that if Ofgem does need to make the final decision, it is well briefed on the situation, having already been in a Panel discussion on it, rather than trying to make a decision on a paper document review. The respondent also noted the small number of events in which the scenario had occurred and therefore questioned the materiality of the issue at hand.

SECAS and the Proposer, considering the consultation responses, decided to remove this particular proposal from the Proposed Solution, noting the benefits it would bring are expected to be minimal, especially given the expected rarity of this event.

Conclusion
The proposal on simplifying the Self-Governance appeal route was dropped from the Proposed Solution.

Staggering Change Board Member terms and elections

SECAS proposed that the Change Board membership term be extended from one to two years. This would allow SECAS to stagger the Change Board membership terms. Annual elections would still take place, but only half the seats would be up for election each time. This would prevent the entire membership from changing at once, which will support the preservation of knowledge within the Sub-Committee. This approach has been successfully implemented across all the other SEC Sub-Committees and the SEC Panel, and SECAS considers it would be efficient to align the Change Board to this approach.

A Working Group member queried whether all the other Sub-Committees already require a two-year membership from its members. SECAS confirmed that all the Panel Sub-Committees have a membership term of two years with the exception of the Change Board. As the Change Board's term duration is included in SEC Section D, a modification is needed to change this.

Revising who can raise an Alternative Solution

Rationale

SECAS recommended that the SEC should allow any Parties eligible to raise new Draft Proposals to be able to raise an Alternative Solution under an existing modification. Currently under the SEC, only the Working Group can raise Alternative Solutions, which are then assessed and progressed in parallel with the Proposed Solution.

During the SEC Section D review, Parties highlighted that it needs to be clearer that Alternative Solutions can be raised, and who owns these. Due to the revised approach to Working Groups following the SEC Section D review in 2018, and that attendance for a given modification is not 'fixed', SECAS considers the current approach in the SEC for raising Alternative Solutions does not work as envisioned. Raising an Alternative Solution requires agreement from the Working 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 its input is needed, 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.

Placing responsibility for an Alternative Solution on an individual allows for more efficiency in progressing the option. SECAS would only need that individual to provide the input required on any Alternative Solution, rather than the whole group, and would only need their decision on how to proceed.

SECAS acknowledges the potential for a Party to raise Alternative Solutions to frustrate the Proposed Solution progressing to decision. Therefore, SECAS proposed the Panel be given the power to close down an Alternative Solution if it believes that its proposer is frustrating the overall progression of the modification. This would only happen following discussion by the Working Group, who would provide a view on this to the Panel; the provisions for this will be added to the Working Group Terms of Reference, which will be updated as part of this modification's implementation. The Panel's subsequent decision would follow the usual approach of needing a majority decision from members at the relevant meeting.

The DCC questioned how the impacts of the proposed changes to Alternative Solutions to the DCC System would be assessed. SECAS advised that it had not previously received Alternative Solutions to any DCC System impacting modifications. However, if an Alternative Solution was raised for a DCC System impacting modification, the service level agreements (SLAs) for the DCC Assessments would remain unchanged and the SLAs for the DCC Assessments for the Alternative Solution would be measured independently from the Proposed Solution. If SECAS submitted both the Proposed Solution and the Alternative Solution in a single DCC Assessment request, it would be measured as a single DCC Assessment request for the purposes of measuring the DCC's performance against the SLA.

Industry views

All four Refinement Consultation respondents agreed with the proposals on Alternative Solutions. SECAS clarified that proposers of Alternative Solution(s) would be required to attend any Working Group meetings in which they are discussed and that Alternative Solution(s) would be fully refined and assessed to the same degree as the Proposed Solution.

One respondent raised a concern that the proposals could lead to too many Alternative Solutions being raised and suggested that the Panel be allowed to close these down if that were the case. SECAS advised that the Panel should not be able to close down Alternative Solutions simply because there were too many being raised for a given proposal. However, it could close down an Alternative Solution if it deemed the proposer and raised it simply to frustrate the progression of the given modification. The respondent also suggested that SECAS be allowed to raise and own Alternative Solutions. However, SECAS noted this had already been explored under the recently rejected [MP149 'Effecting Changes to the Smart Energy Code efficiently'](#), and it was not looking to reopen this.

The DCC's recommendations for amending the DCC assessment rules

Rationale

[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. The DCC believes these provisions should be updated considering lessons learnt over the subsequent years since SECMP0034 was implemented.

The DCC noted the SLAs in place and whilst it has made some improvements, it continues to struggle to achieve the SLAs. As a result, the DCC set out its proposals for enhancing the existing mechanism for extending the duration of an active DCC Assessment as well as extending the Preliminary Assessment SLA from 15 to 25 Working Days.

The enhancements to the existing mechanism for extending the duration of an active DCC Assessment would enable the DCC to do the following without impacting its performance against the SLA:

- Put emphasis on assessments for modifications the CSC deem to be of higher priority
- Consider business requirements which have changed mid-way through the assessment
- Obtain answers to complex clarifications which are essential to completing the assessment
- Challenge Service Provider costs upon the Service Providers providing their assessments to the DCC

All of the above would better facilitate more comprehensive DCC Assessments.

In addition to the enhancements above, the DCC proposes to extend the SLA for the Preliminary Assessment from 15 Working Days to 25 Working Days. This would allow sufficient time for the DCC to challenge its Service Providers on the responses submitted, as well as address complex or high volumes of clarification requests. It also reflects the increased number of Service Providers potentially needing to feed into the Preliminary Assessment, considering the S1SPs might also be impacted. Given this, the current 15 Working Day SLA agreed under SECMP0034 is unachievable for most Preliminary Assessments without impacting on the quality of the DCC's response.

The proposed 25 Working Day SLA accounts for the number of DCC Service Providers and that some Service Providers have service providers of their own to engage with. The improvements that the DCC has implemented following its Collaborative Design Review means it is now achieving this proposed SLA for most Preliminary Assessments. Eleven out of the 16 Preliminary Assessments returned in 2021/22 were returned within 25 Working Days, and only two exceeded 30 Working Days. Updating the SEC to reflect the achievable performance will provide greater clarity to Parties on what they can expect from the DCC. The DCC will endeavour to deliver Preliminary Assessments before the proposed SLA where possible. These would likely be those that impact a single or small number of Service Providers, but most commonly those that only require assessments from the Data Service Provider (DSP).

In summary, the changes to the rules for DCC Assessments are intended to better facilitate the DCC in providing more comprehensive assessments. The ability to seek more time for DCC Assessments and the increased SLA for Preliminary Assessments will ensure the DCC is able to produce quality assessments which better inform Proposers, the Working Group and the Change Sub-Committee when considering the progression of modifications and their solutions. This in turn will enable the subsequent steps of the modification framework to progress more smoothly.

Industry views

All four Refinement Consultation respondents agreed with the revised provisions for the DCC being able to request an extension to complete a DCC Impact Assessment.

One respondent suggested that the Panel should first get the request to approve an extension rather than being given an opportunity to overturn a SECAS decision. SECAS noted this is the approach essentially in place now. It advised it had proposed that SECAS be given the first sign-off for a request to extend a DCC Impact Assessment in order to keep the process as efficient as possible. If the request had to go straight to the Panel first, it could result in waiting up to a month for a decision on the request. SECAS clarified that its proposal would still allow the Panel to review all requests to extend a DCC Impact Assessment and if it overruled SECAS' decision, the SLA that the assessment is subsequently measured against would be revised accordingly.

Simplifying MRCs

Proposals and Working Group views

SECAS put forward two proposals for how MRCs could be streamlined:

- **Proposal A:** The MRC could be made optional for any modification that undergoes the Refinement Process
- **Proposal B:** All modifications undergo the Refinement Process for industry consultation before the Modification Report is finalised and issued for vote

Working Group members preferred proposal A over proposal B with proposal B being deemed over complicated and not necessarily more efficient than the current process. However, members also questioned if proposal A is an improvement on the current process. They considered that MRCs play a key role in the Modification Process with some Parties choosing to submit their views to this consultation rather than in the Refinement Consultation. They considered the MRC has value in that it gives Parties a final chance before the Change Board vote to submit views that could improve the modification. One member did agree that there are sometimes too many consultations for less complex modifications and agreed it was worth investigating any potential improvements.

SECAS agreed it would seek further views through the Refinement Consultation and would include the possibility to support a 'do nothing' option. This had been raised under the review to explore whether there were any enhancements that could be made to MRCs to improve efficiency. However, there has been no strong support for change to date. If there remains no significant support for change, SECAS would recommend leaving the MRC arrangements unchanged.

Industry views and subsequent discussion

SECAS sought views on the proposals via the Refinement Consultation. Mixed responses were received with no clear views that the existing provisions needed to be changed. Two Network Parties preferred proposal A but suggested a variation whereby the Working Group could delegate powers to a party category to refine and approve the legal text working with the Proposer and overseen by SECAS. SECAS noted the proposed variation. However, it did not believe it impacted the provisions for MRCs, nor did it believe it needed to be codified. However, it agreed it will review if this could be included within the Working Group's terms of reference. SECAS advised Party categories can already

be used to refine legal text but all legal text must ultimately be considered by the Panel and subsequently decided upon by the Change Board or the Authority.

Considering the lack of a clear view from industry that the MRC provisions need be changed or for a preference on either of SECAS' proposals, SECAS will not look to enhance the existing provisions for this area. It believes both proposals, if made, would have minimal benefit.

Conclusion

The existing provisions for MRCs will remain unchanged and SECAS will not look to enhance them.

Consulting on Authority-Led Modification Reports

The current provisions for Authority-Led Variations require the Panel (delegated to the CSC) to consider the Authority-Led Modification Report and to refer it to the Change Board. However, the wording of the SEC is unclear over whether further industry consultation is permitted to take place following this referral to support the Change Board and the Authority in their decisions.

Furthermore, the SEC currently sets out that "*the Authority will, in such manner as it considers appropriate, consult on the merits of the proposed Authority-Led Variation with the Parties, Citizens Advice, Citizens Advice Scotland, and any other persons whose interests are materially affected by this Code*" (SEC Section D9A.3). However, it is not clear whether the Authority is expected to complete any such consultation prior to submitting the Authority-Led Modification Report to the Panel, or if this can be done as part of the mechanism for obtaining the Change Board's recommendation.

Therefore, to provide clarity, a provision is proposed to be added to SEC Section D confirming that the Authority can direct a consultation on the Authority-Led Modification Report be included as part of an Authority-Led Variation's progression. This consultation would be subject to the same provisions as Modification Report Consultations, except that the duration would subject to any direction by the Authority. [MP200 'Faster Switching consequential changes to the SEC'](#) underwent a consultation before the Change Board decision and the clarification comments raised on the legal text provide an example of the added benefit of consulting before the Change Board votes on an Authority-Led Variation.

Making the CSC's role in overseeing the Modification Process enduring

Rationale

In July 2021, the Panel fully delegated its duties for overseeing modifications' progression and timetables to the CSC, as recommended under the review. SECAS agreed to monitor how well this is working and if successful, it would also recommend the relevant parts of SEC Section D be updated through this modification to make these arrangements enduring. Since July 2021, the CSC has approved 24 Modification Reports. SECAS also considers the CSC to have provided robust and effective challenges to modifications and that its enhanced role is working as intended. SECAS therefore believes the CSC's enhanced role should be made enduring.

SECAS notes potential risks with the CSC's role in the Modification Process being made enduring and codified in the SEC. This could result in the Panel losing sight of modifications it ought to be made aware of, or for decisions on important or high-costing modifications being made on behalf of the Panel with no opportunity for the Panel to input or overrule the decision (SEC Sections C6.13 to C6.15). The Panel also may not be able to take back these responsibilities later. SECAS reports on all

the CSC's decisions and activities to the Panel each month through the Operations Report. To date, SECAS has not received any feedback to suggest these arrangements should not continue. However, SECAS intended to consider this with the Panel and the CSC during refinement and obtain feedback from these groups on this part of the solution, along with views from Parties through the Refinement Consultation.

The Working Group had no comments on SECAS' proposals to update the relevant parts of Section D to reflect the CSC's enhanced role in the Modification Process as enduring. All four Refinement Consultation respondents were also in favour of this proposal.

Panel views and subsequent conclusion

SECAS raised the potential risks with the CSC's role in the Modification Process being made enduring with the Panel and raised two proposals to mitigate these risks.

The Panel raised some concerns about the proposed changes. It queried whether the CSC is robust enough in terms of membership, representation, and discussion, and whether it is a suitable authority for this level of control. SECAS assured the Panel that the CSC membership is representative of all Party types, as is the Panel, and quoracy is ensured every meeting, especially when there are vacancies. A Panel and CSC member agreed that quoracy is always ensured but did raise concerns that the Panel does not always get full oversight of the issues discussed at CSC. The Panel Chair raised concerns that it is unusual for the Panel to delegate total responsibility without some oversight when decisions are being made in its name.

A Panel member challenged whether giving both the Change Board and the CSC roles in the Modification Process is efficient and if the groups could be merged. However, SECAS explained that having a separate group with a larger membership making the final decision on modifications (the Change Board) gives greater comfort to Parties that decisions are not being made by an exclusive group.

SECAS presented three proposed approaches:

- **Approach 1 (preferred by SECAS):** Additional wording could be added to SEC Sections C and/or D. This would enable the Panel to review the CSC's decisions related to modifications at its discretion if it deemed it appropriate to do so.
- **Approach 2:** Introduce a cost threshold. If the implementation cost exceeded this, the CSC would have to recommend to the Panel whether the modification should move to the next stage of the framework, and the Panel then approve the stage progression.
- **Approach 3:** The responsibilities set out in SEC Section D remain with the Panel, with these continuing to be delegated to the CSC via the Delegations Register.

The Panel discussed the proposals and was uncomfortable with the first approach. The Panel discussed the second approach, whereby the CSC could present a monthly paper for Panel endorsement, or if there is not sufficient support at CSC then this could be referred to the Panel. A member queried whether the Panel would be making more work for itself and whether it should just trust the CSC to fulfil its role. Therefore, the Panel discussed the third approach, whereby the Panel's responsibilities continue to be delegated with Section D remaining unchanged. The Panel agreed it would benefit from more visibility of modifications if the delegation were left in place, and SECAS agreed it could provide enhanced reporting to keep the Panel informed.

Conclusion

The proposal to make the CSC's role in overseeing the Modification Process enduring and codified was dropped from the Proposed Solution.

The responsibilities set out in SEC Section D will remain with the Panel, with these continuing to be delegated to the CSC via the Delegations Register, but with enhanced monthly reporting to the Panel.

Alignment and re-wording of SEC Section D

SECAS also recommended that this modification be used to holistically update the whole of Section D to ensure it is fully clear, which the Working Group supported. This includes restructuring the document to ensure it aligns with the order of steps taken in the Modification Process, removing repeated areas of text, and updating definitions for terms in Section A to increase transparency. The updated definitions are intended to provide a clear explanation of the term rather than simply referring to other sections of the SEC where the term is described.

All four Refinement Consultation respondents agreed the proposed re-worded clauses are in sufficiently plain English and that the restructure of SEC Section D aligns better with the order of steps in which the process is carried out. They also agreed that overall the proposed legal text would deliver MP186.

Path of Panel-raised Modification Proposals

Rationale

Due to the Panel's previous role in overseeing the Modification Process, Section D currently requires that any Modification Proposal raised by the Panel must undergo the Refinement Process. Noting the proposal that the CSC oversees the Modification Process on an enduring basis, SECAS questioned the efficiency of this provision. SECAS considered that the CSC should be able to determine the path of Panel-raised modifications as it would a Party-raised modification, which may be that it is suitable to progress directly to the Report Phase. In order to go straight to the Report Phase, the proposal would still have to meet the remaining criteria in Section D to not need the Refinement Process.

Industry views and subsequent conclusion

Views were sought on this proposal via the Refinement Consultation. It received mixed responses with one respondent unsure of the question being asked.

However, considering the decision to not take forward the proposal to make the CSC's delegated responsibilities in the Modification Process enduring, SECAS believed these provisions should remain unchanged. This would mean all modifications raised by the Panel would remain having to be subject to the Refinement Process. This will futureproof the arrangements should the Panel later decide to revert modification oversight to itself which it could do with these responsibilities continuing to be delegated and not codified.

Conclusion

All modifications raised by the Panel will remain having to be subject to the Refinement Process.

8. Case for change

Business case

This modification will benefit SECAS, the DCC and all SEC Parties through increased efficiency and transparency. Efficiency and transparency will go hand-in-hand by helping Parties to navigate the Modification Process and ensuring they provide the information needed by the Code Administrator and the various groups that oversee the process, in order to prevent undue to delays. A more efficient process may also encourage more Parties to raise Draft Proposals that could drive further improvements to the SEC.

SECAS noted and the Working Group subsequently agreed with the following benefits and impacts of this modification:

- Parties will benefit from the enhanced efficiencies in the Modification Process and the improved wording of SEC Section D
- The DCC will be able to further challenge and deliver higher quality Preliminary Assessments within the SLA
- The DCC will be more likely to meet the DCC assessment targets set out in the SEC
- DCC assessment statistics will better reflect DCC's performance where it has had to pause an assessment for reasons it cannot control
- There is no detrimental impact on the consumer from these changes

Noting the costs and benefits, all four Refinement Consultation respondents believed this modification should be approved.

Views against the General SEC Objectives

Proposer's views

The Proposer believes that General SEC Objective (g)⁵ will be better facilitated as a result of this modification. This is by enhancing the efficiency of the SEC Section D Modification Process, including updating the process to ensure it aligns with current working practices and to increase its transparency.

Industry views

The Working Group and all four Refinement Consultation respondents agreed with the Proposer's view that this modification would better facilitate General SEC Objective (g).

⁵ To facilitate the efficient and transparent administration and implementation of this Code.

Views against the consumer areas

Improved safety and reliability

The Modification Proposal is neutral against this consumer benefit area.

Lower bills than would otherwise be the case

The Modification Proposal is neutral against this consumer benefit area.

Reduced environmental damage

The Modification Proposal is neutral against this consumer benefit area.

Improved quality of service

The Modification Proposal is neutral against this consumer benefit area.

Benefits for society as a whole

The Modification Proposal is neutral against this consumer benefit area.

Final conclusions

All respondents to the Refinement Consultation agreed that MP186 should be approved. One respondent made a handful of suggestions to alter the Proposed Solution. SECAS advised the respondent on those suggestions that were not taken forward and the reasons why. The respondent agreed with SECAS's rationale for those cases.

The Working Group assessed the MP186 solution and its comments were considered before the Refinement Consultation was issued. The Working Group was supportive of MP186 and believed it should be approved. Following the Refinement Consultation, no material changes were made to the Proposed Solution, although some elements were taken out following the feedback received through consultation. As such, the Working Group was not reconvened.

The Panel considered the elements of the Proposed Solution impacting its delegated responsibilities on the Modification Process. It felt its delegated responsibilities should continue to be delegated rather than given to the CSC on an enduring basis. The Panel also agreed the responsibility to approve Impact Assessment requests should be moved from the Change Board to the CSC with this becoming a power delegated by the Panel. Overall, the Panel was supportive of the aims of MP186.

Appendix 1: Progression timetable

On 21 June 2022, the CSC approved the Modification Report. A Modification Report Consultation will be issued closing on 13 July 2022, before it is voted on by the Change Board on 27 July 2022. This modification will be Authority Determined.

Timetable	
Event/Action	Date
Draft Proposal raised	19 Oct 2021
CSC converts Draft Proposal to Modification Proposal	26 Oct 2021
Modification discussed with Working Group	2 Feb 2022
SECAS drafts legal text	Feb 2022 – Apr 2022
Refinement Consultation	14 Apr 2022 – 17 May 2022
Modification Report approved by CSC	21 Jun 2022
Modification Report Consultation	22 Jun 2022 – 13 Jul 2022
Change Board Vote	27 Jul 2022
Authority decision (anticipated date)	31 Aug 2022

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
CSC	Change Sub-Committee
CSP	Communications Service Provider
DCC	Data Communications Company
DSP	Data Service Provider
MRC	Modification Report Consultation
RFI	request for information
SEC	Smart Energy Code
SECAS	Smart Energy Code Administrator and Secretariat
SLA	Service level agreement
SMETS	Smart Metering Equipment Technical Specifications