

This document is classified as **White** in accordance with the Panel Information Policy. Information can be shared with the public, and any members may publish the information, subject to copyright.



DP186

‘Section D Review (2020): further enhancements’

Modification Report

Version 0.1

19 October 2021

Corporate member of
Plain English Campaign
Committed to clearer
communication

592



Managed by



About this document

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

Contents

1. Summary.....	3
2. Issue.....	3
Appendix 1: Progression timetable	7
Appendix 2: Glossary	7

Contact

If you have any questions on this modification, please contact:

Joe Hehir

020 7770 6874

joe.hehir@gemserv.com

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 framework¹. 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 'Modifications Process' to deliver. This Draft Proposal has been raised to progress these changes further.

This proposal will impact all Parties engaged in the Modification Process.

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 framework¹. 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
- 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

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

- 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 2021².

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 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 any Party 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 a 'stop the clock' mechanism 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.

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 investigated or amended without a Modification Proposal being raised. 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

² Please see SEC Panel paper SECP_91_1604_20 (White) for more information, including the SEC Section D Review (2020) Final Report

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 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. Furthermore, the SEC approach doesn't completely align with [Ofgem's guidance on the Self-Governance Modification appeals process](#).

SECAS recommends that if a Change Board decision under Self-Governance is appealed by a Party, the appeal is issued directly to the Authority in accordance with the approach set out by Ofgem in its guidance.

Raising Alternative Solutions

Code Administrators must facilitate alternative solutions to be raised and progressed alongside the Proposer's solution³. 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 to 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.

SECAS therefore recommends that the SEC allows any participant 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

[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

³ 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.

reasons outside of its control or to the scope of a modification. The DCC would like to review these provisions 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 Stage 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. SECAS intend 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.

Appendix 1: Progression timetable

This proposal will be presented to the CSC on 26 October 2021. Given the work completed under the SEC Section D Review to define, understand and consult on the identified issues, SECAS will recommend this Draft Proposal be converted to a Modification Proposal and progressed to the Refinement Process. Following this, SECAS will present the Proposed Solution to the Working Group for discussion before drafting the legal text, taking any feedback into account.

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	1 Dec 2021
SECAS drafts legal text	Dec 2021 – Jan 2022
Modification discussed with Working Group	2 Feb 2022
Refinement Consultation	7 Feb 2022 – 25 Feb 2022
Modification discussed with Working Group	6 Apr 2022
Modification Report approved by CSC	19 Apr 2022
Modification Report Consultation	20 Apr 2022 – 11 May 2022
Change Board Vote	25 May 2022
Authority decision (anticipated date)	Jun 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
DCC	Data Communications Company
MRC	Modification Report Consultation
RFI	request for information
SEC	Smart Energy Code
SECAS	Smart Energy Code Administrator and Secretariat