

Document Classification:	DCC Public
Paper Reference:	Standard FIA cost proposal
SEC Committee and Meeting Date:	Change Sub Committee: January 2022
Intent:	For endorsement to proceed
Attachments:	None

Standard cost to produce an FIA, proposal – January 2022

Summary

DCC and SECAS continue to review the refinement process and make improvements that benefit industry. Our focus remains the reduction of time taken to return the Impact Assessments within the existing SLA whilst retaining the quality of document received from DCC's Service Providers (SPs). There are several on-going actions which were presented to the CSC in November 2021 (CSC_33_3011_07) that will help improve submission timescales once implemented.

This paper seeks to provide an update on the initiative to standardise the costs of completing impact assessments (IAs). The SEC is the only Code that presents the charges of completing the IA separately for decision, which Parties must pay to complete the modification's assessment. As well as incurring cost simply to assess a potential solution, this can increase the time to scrutinise costs and make the final decision required to proceed. To alleviate this issue the DCC is proposing a fixed cost for completing assessments based upon a demand profile over the following financial year, whilst ensuring value for industry.

Some of the benefits include:

- Reduction in time taken for the SPs to produce PAs as they will no longer need to produce the costs for completing the Final IAs
- Simpler decision making for Industry as they would no longer be required to consider the cost to proceed with an FIA
- Continuity and predictability of SP resources to complete assessments due to apportionment of income over the year and reducing the need for prioritisation activities.

Current Position

DCC has progressed this with SMETS2 Service Providers through CR4524, requesting they propose indicative standardised charges for completing IAs.

ROM costs have been received from CGI and Arqiva, however VM02 felt this attracted too much of a commercial risk to them and did not provide a cost. DCC are working with VMO2 to put in place an operational solution that mitigates this risk and ensures that industry do

not need to consider separated IA costs. The following table presents a summary of the responses:

Cost breakdown:

Supplier	ROM costs	Conditions	SLA
Arqiva	£100,000 for 4 IAs (£25k additional catalogue price)	Small to Medium IAs	30 days
	£1,200,000 for 8 IAs (£150k additional catalogue price)	Medium to large IAs	60 days
CGI	£15,000 - £25,000	Fits into one of DSPs standard Preliminary Assessment ROM price t-shirt sizes of £0-150k, £151k-£350k or £351k-£750k.	

Both SPs have included a cost based upon the 'T-Shirt' sizing of the actual changes required.

CSPN has proposed a cost range between £25k for small – medium IAs and £150k for Medium to large changes. These costs bandings have yet to be documented by CSPN and will form part of the detailed proposal.

The DSP has proposed costs of £15k for small changes and £25k for medium sized changes.

Proposed Process

The following presents how DCC envisage the process would work.

- DCC, SECAS and SPs would estimate the number of IA requests over a Financial Year period, as well as the standardised rate(s).
- It is expected that the CSC would approve the forecast and associated cost, reviewing any subsequent amendments throughout the year.
- DCC would raise a blanket Purchase Order (PO) for the total amount as estimated above.
- Each IA will be 'called-off' from this PO at the appropriate catalogue price.
- The raising of the IA will be the authorisation for SPs to submit their invoice.
- The costs would be reviewed on a quarterly basis to check against estimated volumes of IAs and would be amended accordingly in consultation with SECAS.

It has been recognised that there would be instances where the SPs would seek additional charges about the standardised IA charge. SPs would submit this extra cost for review at the PA stage which would be considered by industry through the SEC Governance process.

Next Steps

DCC are seeking endorsement from CSC to proceed on working up a proposal with the SPs to put in place a pilot which would commence from the start of FY2022/23.

We will bring back further details of the pilot following agreement of final cost bandings from our SPs to the February CSC

Recommendations

The CSC is requested to:

AGREE that DCC continue to work with Service Providers to design an operational approach and detailed cost proposal for implementing a standardised Impact Assessment costs. This will be brought to CSC for approval before implementation.