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## MP186 ‘Section D Review (2020): further enhancements’

### February 2022 Working Group – meeting summary

#### Attendees

Attendee	Organisation
Ali Beard	SECAS
Elizabeth Woods	SECAS
Joey Manners	SECAS
Joe Hehir	SECAS
David Walsh	DCC
Charlotte Semp	DCC
Janine Hughes	DCC
Easton Brown	DCC
Emma Johnson	British Gas
Lynne Hargrave	Calvin Capital
Alex Hurcombe	EDF Energy
Daniel Davis	ESG Global
Carrie Coles	Good Energy
Peter Hoare	Kaifa Metering
Ralph Baxter	Octopus Energy
Grace Royall	Ofgem
Mafs Rahman	Scottish Power
Elias Hanna	Smart ADSL
Christie Thomson	SSE
Audrey Smith-Keary	SSE - OVO
Emslie Law	SSE - OVO
Matthew Alexander	SSEN
Robert Johnstone	Utilita
Kelly Kinsman	WPD

#### Overview

The Smart Energy Code Administrator and Secretariat (SECAS) provided an overview of the issue and the Proposed Solution identified in [MP186 ‘Section D Review \(2020\): further enhancements’](#).

## Issue

In October 2020, the Smart Energy Code (SEC) Panel agreed for SECAS to carry out an end-to-end review of the SEC modification framework with the findings presented to the Panel in April 2021.

The review made several recommendations against various areas of the process. However, several of those recommendations could not be investigated or amended without a modification being raised. This is due to the rules for these areas being outlined within SEC Section D.

## Proposed Solution

The Proposed Solution is to implement changes to the Modification Process aimed at delivering the recommendations of the SEC Section D review.

## Working Group Discussion

### Responsibility for approving Impact Assessment costs

SECAS explained that currently the Change Board decides upon the progression of Impact Assessments for Modification Proposals. In May 2021 the Panel's responsibilities in overseeing modifications were delegated to the Change Sub-Committee (CSC). As a result, SECAS recommended that the Change Board's role in approving DCC Impact Assessment requests be moved to the CSC. It noted the benefit of all governance decisions relating to a modification's progression falling in one place, ensuring greater consistency during the process.

The Working Group had no comments on the proposal.

### Simplifying the Self-Governance appeal route

SECAS explained the current rules whereby, 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; only after a further appeal on that decision would the Authority be asked to input. SECAS noted 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. It added that the SEC approach doesn't completely align with other industry Codes or Ofgem's guidance on the Self-Governance Modification appeals process.

SECAS recommend that if a Change Board decision under Self-Governance is appealed by a Party, the appeal be issued directly to the Authority. It noted that Ofgem had previously agreed this area should be investigated. Ofgem advised it would expect the current arrangements to be assessed and the reasons for removing this step 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

The Working Group had no further comments on the proposal.

### **Staggering Change Board Member terms and elections**

SECAS explained that currently, each Change Board Member serves for a one-year term. It proposed that the Change Board membership term be extended from one to two years. This would make it consistent with all the other Sub-Committees and would allow SECAS to stagger the Change Board membership terms to allow an annual election to take place to support preservation of knowledge within the Sub-Committee. For example, with each term being two years, elections would be held every 12 months for half the membership of the group and the elections staggered throughout the year so they're not all done at once.

A member queried whether all the other Sub-Committees already require a two-year membership from its members. They added that some members on other committees only have a one-year membership. SECAS agreed to further investigate the term lengths for the other Sub-Committees and ensure this is documented clearly in the Modification Report.

### **Revising who can raise an Alternative Solution**

SECAS advised that Code Administrators must facilitate alternative solutions to be raised alongside the Proposer's solution. Currently under the SEC, only the Working Group can raise Alternative Solutions, which are 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 believes the current approach doesn't work as envisioned.

It noted that 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. 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 recommended that the SEC allows any participant eligible to raise new Draft Proposals to be able to raise an Alternative Solution under an existing modification. It added the benefit of placing responsibility for an Alternative Solution on an individual would allow for more efficiency in developing and progressing that option.

SECAS noted that during the SEC Section D review, Parties raised concerns that individuals could use an Alternative Solution to stifle a Proposed Solution they were not in favour of. Considering this SECAS proposed that the Panel would hold the power to close down an Alternative Solution if it concluded that the Proposer was frustrating the progression of the modification as a whole.

The DCC questioned impacts of the proposed changes to Alternative Solutions on DCC System impacting modifications. SECAS advised that it had not previously received Alternative Solutions to any DCC System impacting modifications. However, if an Alternative Solution were raised for a DCC System impacting modification, the SLAs for DCC Assessments would remain unchanged and SLAs for the DCC Assessments for the Alternative Solution would be measured independently from the Proposed Solution.

The Working Group had no further comments.

## **The DCC's recommendations for amending the DCC assessment rules**

The DCC noted the service level agreements (SLAs) in place for the return of DCC Assessments and that whilst it has made some improvements, it continues to struggle to achieve the SLAs. As a result, the DCC set out two proposals.

### ***'Stop the Clock' process***

The DCC proposed a 'Stop the Clock' mechanism which would allow for additional time during a DCC Assessment to complete the assessment. It noted this is building up the existing timetable provisions set out in SEC Section D 6.10D.

The DCC summarised the scenarios in which the Stop the Clock mechanism could be utilised:

- Reprioritisation of modifications by SECAS and the CSC meaning a DCC Assessment should be paused
- Changes to the business requirements mid-DCC Assessment
- PA/IA blocked due to complex clarifications raised which prohibits progress.
- To allow the DCC to challenge Service Provider costs upon the Service Providers providing their assessments to the DCC

When making a Stop the Clock request, the DCC would need to send the request to SECAS who would subsequently review and provide a decision on the request. The CSC 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.

The DCC advised that the Stop the Clock process should be a rarely used mechanism and for exceptions only.

The Working Group had no further comments.

### ***Preliminary Assessment SLA***

The DCC noted the 15 Working Day SLA it has to complete Preliminary Assessments but advised that it is currently averaging 30 Working Days. The DCC noted the Communications Service Providers (CSPs) struggle to meet the SLA as they are dependent on their supply chains to complete the assessment.

Therefore, the DCC proposed to extend the duration of the SLA from 15 Working Days to 25 Working Days with the expectation that Data Service Provider (DSP)-only Preliminary Assessments are likely to be returned before 25 Working Days.

The DCC noted the following reasons for extending the Preliminary Assessment SLA:

- Complex Preliminary Assessments require longer than 15 Working Days to complete and usually impact CSP supply chain
- 15 Working Days allows for limited challenges on submitted details within Preliminary Assessments

- Complex or high volumes of clarification requests significantly impact Service Providers ability to return Preliminary Assessments within the current SLA.
- DCC require longer to compile Preliminary Assessments that impact multiple Service Providers
- Smart Metering Equipment Technical Specifications (SMETS) 1 Service Provider impacting Preliminary Assessments may take longer to turnaround given the increase in impacted Service Providers

Ofgem advised it would expect these proposals to be fully considered and assessed to determine both the benefits and impacts in the context of the code in question. It added that its supportive of SECAS, the Panel and the DCC working together to identify improvements in the Modification Process, including in relation to the provision of DCC Assessments.

### Simplifying MRCs

SECAS explained that the SEC currently requires a Modification Report Consultation (MRC) to be issued in the Report Stage after 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.

SECAS noted that during the Section D review, Parties have queried the value of the MRC, and how much attention it receives from the Change Board. Alternative approaches to this consultation were considered under the review, but there was no clear consensus from the industry on the best approach.

SECAS put forward two proposals for MRCs:

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

SECAS advised the CSC would be able to direct that the MRC could be skipped if it feels there is no benefit to re-consult. 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

SECAS advised all modifications could undergo the Refine Stage, even if the only activity is for an industry consultation. This approach would allow for any material comments to be resolved more efficiently before the report is finalised. A modification would only progress to Opine Stage when ready to be issued straight to the Change Board.

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 include a 'do nothing' option in the Refinement Consultation.

### Alignment and re-wording of SEC Section D

SECAS noted that in July 2021, the Panel fully delegated its duties for overseeing modifications' progression and timetables to the CSC. It recommended the relevant parts of Section D be updated through this modification 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 Section D without looking at the Delegations Register as well.

SECAS also recommended that this modification be used to holistically update the whole of Section D to ensure it is fully clear.

The Working Group had no comments.

### Benefits, Objectives and Implementation

SECAS noted the following benefits and impacts:

- Parties will benefit from the enhanced efficiencies in the Modification Process and the improved wording of SEC Section D
- 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
- There are no perceived consumer benefits or impacts
- The modification would better facilitate SEC Objective (g)<sup>1</sup>

The Working Group agreed with the benefits and impacts noted by SECAS.

SECAS also advised the modification would be targeted for the June 2022 SEC Release. The DCC questioned if the solution allowed for any of the elements to be removed if they didn't get support. SECAS advised all the elements currently fall under a single Proposed Solution, but that Parties would be given the opportunity to give their views against each individual element in the solution.

### Next Steps

The following actions were recorded from the meeting:

- SECAS will document the existing term requirements for the Panel Sub-Committees in the MP186 Modification Report
- SECAS to issue to issue a Refinement Consultation following review of the legal text (targeted for mid-February 2022)

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<sup>1</sup> To facilitate the efficient and transparent administration and implementation of this Code.