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MP159 ‘Credit Cover Review’

Conclusions Report – version 1.0

About this document

This document summarises the responses received to the Modification Report Consultation and the decision of the Change Board regarding approval or rejection of this modification.

Summary of conclusions

Change Board

The Change Board voted to recommend MP159 be **approved** by the Authority. It believed the modification better facilitated SEC Objectives (b)¹, (d)² and (g)³.

Modification Report Consultation

SECAS received three responses to the Modification Report Consultation. All three believed that the modification should be approved. They considered the modification better facilitated SEC Objective (g).

¹ Enable the DCC to comply at all times with the objectives of the DCC licence and to discharge the other obligations imposed upon it by the DCC licence.

² Facilitate effective competition between persons engaged in, or in commercial activities connected with, the supply of energy.

³ Facilitate the efficient and transparent administration and implementation of the SEC.

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Modification Report Consultation responses

Summary of responses

Two respondents (one Large Supplier and one Network Party) felt that the modification better facilitated SEC Objective (g). This is due to the Proposed Solution reducing the risk of cost socialisation and improve the efficient administration of the Code's credit cover arrangements.

The third respondent (a Network Party) felt that the modification better facilitated the SEC Objectives in general.

Change Board vote

Change Board vote

The Change Board voted to recommend MP159 be **approved** by the Authority.

The vote breakdown is summarised below.

Change Board vote				
Party Category	Approve	Reject	Abstain	Outcome
Large Suppliers	6	0	0	Approve
Small Suppliers	2	0	0	Approve
Network Parties	2	0	0	Approve
Other SEC Parties	1	0	0	Approve
Consumer Representative	0	0	0	-
Overall outcome:				APPROVE

The Consumer representative was not present for the vote.

Views against the General SEC Objectives

Objective (b)

The Change Board believes that MP159 will better facilitate SEC Objective (b) as providing clarity to the credit cover arrangements will allow the DCC to comply with the objectives of the DCC licence.

Objective (d)

One Change Board member believed that MP159 will better facilitate SEC Objective (d) as addressing the identified inefficiencies within the credit cover arrangements such as using one credit assessment company for consistency will allow for effective competition between energy Suppliers. All other members considered MP159 to be neutral against this objective.

Objective (g)

The Change Board believed that MP159 will better facilitate SEC Objective (g) as the clarifications to the credit cover arrangements will deliver the efficient and transparent administration and implementation of SEC.

Change Board discussions

A Network Party representative asked if the DCC will notify Parties who must update their credit cover arrangements as a result of this modification. SECAS confirmed the DCC will notify the relevant Parties and will give them one month's notice before they must update their credit cover. This is reflected in the modification's implementation approach.