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## Stage 03: Final Modification Report

# SECMP0034:

# Changes to the SEC Section D for DCC analysis provisions

What stage is this document in the process?

01	Initial Assessment
02	Refinement Process
03	Modification Report
04	Decision

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## Summary

Currently, the Smart Energy Code (SEC) does not recognise the Data Communication Company's (DCC's) Preliminary Assessment (PA) and Impact Assessment (IA) processes. This modification seeks to update SEC Section D 'Modification Process' to ensure:

- the DCC PA and IA processes are recognised;
- there are clear delivery timescales and/or methods for setting such timescales; and
- associated progress reporting to the SEC Panel.

## Working Group's views



- The **majority** of the Working Group (WG) believes that SECMP0034 should be **approved**

## Impacts



- DCC
- Smart Energy Code Administrator and Secretariat (SECAS)
- There are no impacts on any other SEC Parties
- There are no impacts on DCC Central Systems or Party interfacing systems

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## About this Document

This document is the Final Modification Report (FMR) for SECMP0034. This document provides detailed information on the issue, solution, impacts, costs and discussions and conclusions of the Working Group and the Panel.

The Change Board will consider this modification at its meeting on 21 March 2018, where it will recommend whether SECMP0045 should be approved or rejected by the Authority.

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## 1. Summary

### What is the issue?

Currently there is no recognition of the DCC's PA and IA processes under the SEC. Further, the delay in delivering PAs and IAs has led to delays in the overall progression of several SEC Modification Proposals since February 2016.

### What is the proposed solution?

This modification seeks to define the processes associated with the DCC's assessment of SEC Modification Proposals. The proposed solution developed by the Proposer and the WG introduces the following into the SEC:

- definitions associated with DCC Assessments;
- standard timescales for the delivery of DCC Assessments;
- processes associated with Urgent DCC Assessments;
- steps for requesting and submitting additional information to support DCC Assessments;
- steps for revising agreed DCC Assessment timescales;
- introduction of additional DCC reporting requirements; and
- additional reporting requirements for DCC Assessments in the DCC's Targeted Service Levels.

### Impacts

#### Party

Other than the DCC, there are no impacts on SEC Parties associated with the implementation of this Modification Proposal.

#### System

There are no system impacts associated with this Modification Proposal.

### Implementation Costs

The total estimated implementation cost to deliver SECMP0034 is approximately £3,000 in SEC Administration effort.

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## Implementation Date

The Panel has agreed an implementation date for SECMP0034 of:

- **1<sup>st</sup> November 2018**, if a decision to approve is received on or before 18<sup>th</sup> October 2018; or
- **28<sup>th</sup> February 2019**, if a decision to approve is received after 18<sup>th</sup> October 2018 but on or before 14<sup>th</sup> February 2019.

## Working Group's views

The WG believes **by majority** that SECMP0034 better facilitates SEC Objective (g). The WG therefore believes that this Modification Proposal should be **approved**.

## Panel views

The Panel **unanimously** agree that due process has been followed and that SECMP0034 should progress to Modification Report Consultation.

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## 2. What is the issue?

### Background

Currently, any SEC Modification Proposal that could or will impact the DCC and/or its systems will need to undergo up to two stages of analysis by the DCC.

The first stage of analysis is a PA. This PA indicates or confirms whether a Modification Proposal will impact the DCC and/or its systems and will provide a Rough Order of Magnitude (ROM) assessment. This assessment sets out the expected impacts and the high-level costs of potential changes.

Where an impact on the DCC and/or its systems is confirmed, a full IA is required. This IA provides:

- detailed information on impacts;
- constraints and timescales for making the required changes, testing of central systems and delivery;
- implementation costs;
- capital costs; and
- any ongoing operational costs.

Currently there is no recognition of these DCC PA and IA processes under the SEC. However, it is worth noting that these two phases of analysis are reflected in the DCC Service Provider contracts.

Following the activation of the Modification Proposal Process for Path 2 'Authority Determination' and Path 3 'Self-Governance Modification' Modification Proposals in February 2016, the DCC provided an indication to the Panel (March 2016) of the likely timescales for the delivery of the PAs and IAs. The timescales indicated were:

- 23 Working Days (WDs) for a PA; and
- 44 WDs for an IA.

These timescales were produced at a point when the delivery of Release 1.2 was still on track for an earlier delivery than was actually achieved, and Releases 1.3, 1.4 and 2.0 were in the planning stages when it was not clear the volume of work the DCC would need to achieve.

### What is the issue?

Currently there is no recognition of DCC PA and IA processes under the SEC. Further, due to a mixture of constraints, the delivery of DCC PAs and IAs have not been achieved in line with the expected timescales. The delay in delivering PAs and IAs has led to delays in the overall progression of several SEC Modification Proposals since February 2016.

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To ensure the timely progression of modifications with a DCC systems impact, the Proposer believes that the SEC should be amended to drive an improved service from the DCC, set out clear expectations and timescales for delivery and require the DCC to report on the status of PAs and IAs to the SEC Panel.

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## 3. Proposed Solutions

### Solution

SECMP0034 was raised by British Gas on 5<sup>th</sup> April 2017. This modification seeks to define the processes associated with the DCC's assessment of SEC Modification Proposals. The proposed solution developed by the Proposer and the WG introduces the following into the SEC:

- the following definitions associated with DCC assessments:
  - "DCC Preliminary Assessment"
  - "DCC Impact Assessment"
  - "Urgent DCC Assessment"
  - "DCC Assessments"
- standard timescales for the delivery of DCC Assessments of:
  - 15 Working Days for PA (maximum)
  - 40 Working Days for IA (maximum)
- processes associated with Urgent DCC Assessments:
  - Urgent DCC Assessments can only be used for Urgent Modification Proposals
  - Urgent DCC Assessment timescales will be determined by the Panel when considering Urgent Status for any associated Modification Proposal
- steps for requesting and submitting additional information to support DCC Assessments
- steps for revising agreed DCC assessment timescales
- introduction of additional DCC reporting requirements
- additional reporting requirements for DCC assessments in the DCC's Targeted Service Levels

The full set of business requirements for this modification can be found in the SECMP0034 Solution Design Specification Document (**Attachment C** of the Modification Report Consultation (MRC)).

### Draft legal text

The proposed legal text changes to SEC can be found in **Attachment B** of the MRC).

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## 4. Impacts

The following section sets out the impacts associated with the implementation of SECMP0034.

### SEC Party impacts

Other than the DCC (see below), no SEC Parties will be directly impacted by the implementation of this modification.

The **majority** of the WG believe that fully defining the processes and timescales associated with DCC assessments will ensure SEC Modification Proposals are progressed more efficiently and to time, which will benefit any SEC Party who chooses to raise a Modification Proposal.

One WG member disagrees with this, believing that SECMP0034 clarifies an expectation on what DCC should deliver under the SEC. Any failure to control the rate at which assessment requests are made to DCC will impact on whether this is achievable or not.

### DCC impacts

The DCC will be impacted by SECMP0034 as it will be required to:

- deliver DCC assessments within the timescales set out in the SEC, or otherwise agreed or revised by a WG or the Panel;
- report additional information to the SEC Panel on the status of DCC assessments; and
- report additional information on DCC assessments as part of its Targeted Service Level requirements.

The DCC may also have to make changes to internal processes and/or documents to ensure DCC Assessments can be delivered within required timescales. The DCC has indicated that there will be no costs associated with implementing SECMP0034. However, in order to meet target dates for PAs and IAs, as per the proposed solution, DCC will need to scale its resource requirements to match demand. An unconstrained demand would require DCC to have the capability to rapidly meet it.

### Central System impacts

There are no impacts to Central Systems due to the implementation of this Modification Proposal.

### Testing

No testing will be required to implement this Modification Proposal.

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## **SEC and Subsidiary Document impacts**

This modification will impact the following documents under the SEC:

- SEC Section A 'Definitions and Interpretations'
- SEC Section D 'Modification Process'
- SEC Section D Guidance Document
- SEC Modification Process Guidance Document

## **Impacts on other industry codes**

There are no impacts on other industry codes.

## **Greenhouse Gas Emission impacts**

There are no impacts on Greenhouse Gas Emissions.

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## 5. Costs

### Estimated Implementation costs

The total estimated implementation cost to delivery SECMP0034 is approximately **£3,000**.

### SEC costs

The estimated SEC implementation cost is detailed in the table below:

SECAS implementation costs		
Implementation Activity	Effort (man days)	Cost
Application of approved changes to the SEC and subsidiary documents. Implementation of changes to internal SEC processes and documentation Publication of new version of the SEC on the SEC Website and issuance to SEC Parties. Review and updated any impacted SEC guidance materials.	Five	£3,000 <sup>1</sup>

### DCC costs

There are no DCC costs associated with the implementation of this Modification Proposal. The DCC has advised that any changes to processes or documentation will be carried out as part of its already ongoing Transformation Project; which is looking at how the DCC can better manage DCC Releases and the delivery of DCC assessments. However, the DCC has also advised that it may incur considerable consequential costs in future should it need to scale its resource to match an increased demand for DCC Assessments and the shorter timescales proposed under this modification. The DCC has not been able to quantify these potential costs.

<sup>1</sup> SEC man day effort based on a blended rate of £600 per day.



## 6. Implementation

### Recommended implementation date

The Panel has agreed an implementation date for SECMP0034 of:

- **1<sup>st</sup> November 2018**, if a decision to approve is received on or before 18<sup>th</sup> October 2018; or
- **28<sup>th</sup> February 2019**, if a decision to approve is received on or before 14<sup>th</sup> February 2019.

The DCC has advised that the standard delivery timescales for DCC assessments are achievable, but only once DCC Release 2.0 goes live.

The implementation approach should allow for works already directed by the Secretary of State such as Smart Metering Equipment Technical Specifications (SMETS) 1 Enrolment & Adoption and Release 2.0 to go live prior to the implementation of SECMP0034 (or just after if there are any delays). This in turn will ensure that the benefits of the SECMP0034 proposed solution can be realised as soon as possible. The implementation date for SECMP0034 will remain unchanged should delays to these other projects occur.

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## 7. Working Group Discussions

### Consideration of the Proposed Solution

The Proposer submitted SECMP0034 with a number of potential solution options that could be taken forward to ensure that the DCC's assessment of Modification Proposals is efficient and effective.

The WG considered the following four areas (full details on these areas can be found in the Initial Modification Report (IMR) published on the [SECMP0034](#) webpage):

- options for setting timescales for DCC PAs and IAs;
- options for general reporting to be provided by the DCC to the Panel;
- prioritisation of Modification PAs and IAs;
- capture and recognise the DCC PA and IA processes in the SEC, including the details of what is to be contained as a minimum.

The WG agreed that all the above options should form the basis of the SECMP0034 proposed solution. Further, the WG agreed to expand the solution and ultimately determined that the following seven areas should be developed to form the proposed solution:

1. Definitions associated with DCC assessments;
2. Standard timescales for DCC assessments;
3. Steps for requesting and submitting additional information to support DCC assessments;
4. Steps for revising DCC assessment timescales;
5. Introduction of additional DCC reporting requirements;
6. Urgent DCC Assessments; and
7. Introduction of additional reporting requirements for DCC assessments in the DCC's Targeted Service Levels;

### Definitions associated with DCC assessments

The WG considered what terms need to be defined in the SEC as part of this Modification Proposal. The WG agreed that the following terms should be defined under the SEC and should have the meanings given below:

- **'DCC Preliminary Assessment'** (DCC PA) - an assessment of a Modification Proposal conducted by the DCC to indicate or confirm:
  - whether a Modification Proposal will impact the DCC and/or its systems;
  - the expected impacts;

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- the cost to perform a DCC Impact Assessment; and
- an indication of the estimated implementation costs and any estimated ongoing operational costs.
- **'DCC Impact Assessment'** (DCC IA) - a full and formal assessment of a Modification Proposal conducted by the DCC which will provide:
  - detailed information on impacts;
  - constraints and timescales for making the required changes, the testing of central systems and for delivery; and
  - the estimated implementation costs and any estimated ongoing operational costs.
- **'Urgent DCC Assessment'** - an urgent assessment of an Urgent Modification Proposal conducted by the DCC and will provide the following:
  - information on impacts;
  - constraints and timescales for making the required changes, the testing of central systems and for delivery; and
  - the estimated implementation costs and any estimated ongoing operational costs.

An **Urgent DCC Assessment** can only be used for an Urgent Modification Proposal where the Authority has approved the urgent status.

- **'DCC Assessment(s)'** will refer to DCC Preliminary Assessments and DCC Impact Assessments.

## Setting timescales for DCC PAs and IAs

The Working Group considered what timescales may be appropriate for the delivery of DCC PAs and IAs. SECAS advised that the original timescales provided to the Panel by the DCC (March 2016) for DCC assessments were as follows, though these were never defined in the SEC and have not been adhered to by the DCC:

- 23 WDs for a PA; and
- 44 WDs for an IAs.

The WG asked the DCC why the original timescales were unachievable. The DCC advised that the assessment and implementation of SEC Modification Proposals is not the only thing the DCC is required to deliver. It noted that a lot of work has had to go into the delivery of wider DCC changes, which has impacted its ability to deliver DCC assessments for SEC modifications. For example, the DCC must ensure that DCC Releases and new versions of the SMETS can be delivered.

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The DCC also advised the WG that its contracts with its Service Providers (SPs) do not allow for the delivery of DCC assessments within specific timescales, only that its SPs cannot put the DCC in a position where it is non-compliant with the SEC. The DCC advised the WG that it supports SECMP0034 as it will better allow it to ensure the efficient and effective delivery of DCC assessments.

The WG considered what the most appropriate timescales are for the delivery of DCC PAs and IAs. The WG asked the DCC what an achievable timescale would be in an ideal situation. The DCC advised that the original timescales (23WDs for PA and 44WDs for IA) would have been achievable if it were not for the large amount of work the DCC had on during 'go live' and subsequent related releases.

The WG agreed that the DCC should be able to deliver DCC PAs and IAs in slightly shorter timescales, to which the DCC did not disagree. The WG ultimately agreed that the following standard timescales for the delivery of DCC Assessments should be defined in the SEC:

- 15 Working Days for a PA; and
- 40 Working Days for an IA.

The WG asked the DCC if it thinks the above timescales are deliverable. The DCC advised that, in an ideal world, they would be. However, until DCC Release 2.0 goes live (expected June 2018 at the earliest) the DCC may struggle to meet these shorter timescales.

The DCC also noted that delivering DCC PAs and IAs in shorter timescales may impact how much they cost to deliver, as more SP resource may need to be added to ensure timescales can be met. The WG noted this and agreed it should be considered a drawback. However, the WG believe that the benefits of this modification outweigh this potential drawback.

## **Mechanism for revised DCC assessment timescales**

The WG agreed that there will be times when the above standard timescales are unachievable. For example, a modification may require extensive system changes that mean it will take longer to assess. The WG agreed that there should be a mechanism introduced under the SEC to allow the DCC to request longer timescales for Modification Proposals, but that these requests should be approved by the WG (or the Panel should the WG not be able to come to a majority agreement or it can, but the overall progression timetable is impacted and an extension would be required).

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## Mechanism for the DCC to request additional information

The WG discussed how the start date for the 15 and 40 working days will be determined. SECAS recommended that this be determined as the point at which the DCC confirms that a DCC assessment has been accepted. The DCC would then be required to return its completed assessment within the required timescales (standard or otherwise agreed).

The WG agreed with this approach noting that the DCC should confirm acceptance of the DCC assessment (having determined no further information is required) within 5WDs.

## Panel prioritisation of DCC assessments

SECAS asked the WG whether Panel prioritisation of DCC assessments is necessary, given there are ways the current arrangements can be used to provide some level of assurance that certain modifications can be assessed quicker than others.

SECAS noted that, under the SEC, the Panel owns the modification progression timetables. Therefore, if a modification were to be raised that required a decision and/or implementation in a shorter timescale (for any reason), the Panel could ensure its progression by setting a shorter than usual progression timetable. SECAS and the DCC could then advise the Panel the impact of this shorter timescale on other work. For example, a shorter delivery timescale may mean that the DCC will have to deliver a PA or IA within timescales shorter than the standard ones set out in the solution. This means that, to deliver that one assessment, two or three other DCC assessments may need to be delayed. The Panel could then choose to amend the progression timetables of the other impacted modifications to ensure the more critical modification is delivered.

Further, should a modification be linked to a date-related event, the modification may be considered an Urgent Modification Proposal. Under SECMP0034, this would allow the modification to be assessed urgently by the DCC.

The WG agreed that, as some level of priority can be ensured through the current processes, there is no need to include a specific requirement for the Panel to be able to prioritise the delivery of DCC assessments.

## Urgent DCC Assessments

The WG asked the DCC whether there is a pathway for Urgent DCC Assessments to be requested for Urgent Modification Proposals. The DCC advised that, should an Urgent Modification Proposal be raised that required an Urgent DCC Assessment, it could be turned around in significantly shorter timescales (for example, one working day). However, for this to happen, all DCC and SP resources would be taken off other work and therefore other DCC Assessments may be delayed. The WG considered this but agreed that if a

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modification is granted urgency, the work associated with it is of a higher priority and any delays to other DCC assessments will be a necessary risk.

The WG agreed that the use of Urgent DCC Assessments should be defined within the SEC to ensure it is only used for Modification Proposals where urgency has been granted.

## **Additional reporting requirements for the DCC**

The WG considered what reporting requirements should be set out in the SEC to ensure the DCC is providing sufficient information to the SEC Panel on the progress of DCC assessments.

The WG agreed that the following additional information should be reported to the SEC Panel by the DCC on a monthly basis:

- any proposed revised delivery timescales and whether they have been or are yet to be approved by the WG (or the Panel where necessary);
- what measures are being taken to ensure the DCC will be able to deliver any revised timescales; and
- any actions that have been taken by the DCC to improve internal DCC assessment and analysis processes.

The WG also agreed that the SEC Panel should be able to request additional reporting information from the DCC from time to time.

## **Additional Code Performance Measure**

The WG considered adding in a new Code Performance Measure and discussed in detail the most appropriate measure, targeted service level and minimum service level.

The WG (by majority) have agreed that a Code Performance Measure should be added to the SEC to ensure that there is motivation and potential future consequences should the DCC be unable to deliver DCC assessments within agreed timescales.

A member advised the WG that the new Code Performance Measure will not have definitive consequences as it will not be credit linked or included in [Ofgem's DCC Operational Performance Regime](#) (OPR). Further, they advised that introducing a Code Performance Measure will not motivate the DCC to deliver assessments as the DCC is motivated by the obligations put on it under the SEC and therefore questioned the need for the measure. Another WG member responded, stating that the introduction of a Code Performance Measure will ensure that the delivery of DCC assessments could be included in a future version of the OPR (should Ofgem deem it necessary and they therefore still believe the measure should be introduced). They also believe that putting a Code Performance Measure in place will highlight to the Authority each month of any continued

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issues with delivery. The majority of WG members agreed with this view and determined that the Code Performance Measure should remain as part of the solution.

## Service Levels

The WG considered what the most appropriate Targeted Service Level and Minimum Service Level should be.

A member advised the WG that the DCC should be able to deliver 100% of DCC assessments within the required timescales. This is because, under this modification, there will be a process for agreeing revised timescales. They believe that, as long as the DCC continues to engage and be transparent with relevant WGs, there is no reason why timescales cannot be renegotiated and therefore met. The member asked the WG to consider setting both Service Levels at 100% as it will encourage the DCC to continue to engage with WGs and motivate them to complete their assessments in the required timescales.

Another member responded stating that, due to the small number of assessments issued each month, setting a Minimum Service Level so high is disproportionate. For example, if the DCC received 5 assessment requests over the course of a month and cannot meet the date for one of them, they have already dropped to a Service Level of 80%. They therefore believe that the Minimum Service Level should be set no higher than 80-85%. Further, such an approach will be consistent with that taken for other Code Performance Measures where there are a small number of instances each month. They also suggested that the Code Performance Measure be reported on a quarterly basis to ensure that, in aggregate, the number of assessments being worked on is higher.

The WG considered the views put forward and agreed by majority that the Targeted Service Level and Minimum Service Level for the new Code Performance Measure should be set to 100%; as there will be provisions for revised timescales meaning the DCC should be able to deliver 100% of its DCC assessments.

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## 8. Working Group Conclusions

The **majority** view of the WG is that SECMP0034 better facilitates General SEC Objective (g) and should be **approved**.

### Benefits and drawbacks of SECMP0034

#### Benefits

The WG has identified the following benefits related to SECMP0034:

- It introduces improvements to DCC assessment processes and fully defines them in the SEC.
- It allows for more efficient management of DCC assessments by Working Groups and the Panel.
- It introduces more efficient delivery timescales for DCC assessments.
- Overall, it ensures more efficient progression of Modification Proposals.

The **majority** of the WG agreed that these benefits will be realised should SECMP0034 be implemented.

One WG member disagrees with this, believing that SECMP0034 merely clarifies an expectation on what DCC should deliver under the SEC. Any failure to control the rate at which assessment requests are made to DCC will impact on whether this is achievable or not.

#### Drawbacks

The WG has identified the following drawback related to SECMP0034:

- Shorter timescales for the delivery of DCC assessments means that more resource may be required for DCC SPs to deliver PAs and IAs, which may increase the cost of conducting IAs.

Although the WG believe that potential higher costs of DCC assessments is a drawback, members believe that the benefits of this modification outweigh this drawback as it ensures that Modification Proposals are not unduly delayed by the delivery of DCC assessments.

### Views against the General SEC Objectives

#### Objective (g)

The WG by majority believes that SECMP0034 better facilitates **SEC Objective (g)** as:

- it seeks to improve the DCC PA and IA arrangements, allowing for more efficient management of DCC submission timescales, better ensuring the efficient progression of Modification Proposals.

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One WG member does not believe SECMP0034 will better facilitate any SEC Objective as:

- it increases speed not efficiency as it binds timescales but not capacity; excess capacity must be kept or short-term resources brought in, otherwise it is not economic nor efficient; and
- this modification could impact the DCC's ability to deliver Secretary of State Directed change as per the DCC Licence.

### **Draft legal text changes**

The WG unanimously believes that the draft legal text changes deliver the intention of the Modification Proposal.

### **Implementation approach**

The WG unanimously agrees with the implementation approach as means that this modification will be implemented after DCC Release 2.0 goes live (or just before if the release is delayed) ensuring the benefits of the proposed solution can be realised.

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## 9. Panel discussions & conclusions

### Panel discussions

The Panel considered the Draft Modification Report (DMR) for SECMP0034 on 9<sup>th</sup> February 2018.

The Panel discussed the delays that have been experienced due to the delayed delivery timescales for DCC Assessments, and was supportive of approaches being taken to reduce these.

The Panel believes that SECMP0034 will provide some certainty to the industry that modifications will be progressed and implemented efficiently. Further, it believes this will allow for greater reporting on the delayed DCC Assessments and is supportive of additional rationale being required.

At the Panel meeting, the DCC expressed its support for the modification but advised that there may be consequential impacts and costs associated with delivering DCC Assessments within the timescales set out in the modification. The DCC noted that, if SECAS sent a large number of Preliminary Assessments and/or Impact Assessments at the same time, resource would need to be increased in order to meet both the required timescales and the higher demand. The DCC indicated that a prioritisation process would allow the DCC to create a plan to better manage expectations.

The Panel noted that there is a prioritisation process in place and that the Panel effectively owns the modification progression timetables. It further stated that, if the DCC felt it was not able to meet expectations due to large numbers of modifications being raised, it could raise this to the Panel.

### Panel conclusions

The Panel **unanimously** agreed that due process has been followed and that SECMP0034 should progress to Modification Report Consultation.

The Panel also agreed that SECMP0034 is a Path 3: Self-Governance Modification Proposal and that the draft legal text changes to the SEC deliver the intention of the modification.

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## Appendix 1: Glossary

The table below provides definitions of the terms used in this document.

Acronym	Definition
DCC	Data Communication Company
DMR	Draft Modification Report
FMR	Final Modification Report
IA	Impact Assessment
IMR	Initial Modification report
MRC	Modification Report Consultation
OPR	Operational Performance Regime
PA	Preliminary Assessment
ROM	Rough Order of Magnitude
SEC	Smart Energy Code
SMETS	Smart Metering Equipment Technical Specifications
SP	Service Provider
WG	Working Group
WGC	Working Group Consultation

SECMP0034

Final Modification  
Report

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