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MP224 ‘SEC Performance Assurance Framework’

October 2023 Working Group – meeting summary

Attendees

Attendee	Organisation
Rachel Black (RBI)	SECAS
Ali Beard (AB)	SECAS
Elizabeth Woods (EW)	SECAS
Kev Duddy (KD)	SECAS
Bradley Baker (BB)	SECAS
Simon Grimwood (SG)	SECAS
Tim Newton (TN)	SECAS
Dan Simons (DS)	SECAS
David Walsh (DW)	DCC
Joe Hehir (JH)	DCC
Scott McPhilimy (SM)	Ofgem
Patricia Massey (PM)	BEAMA
Emma Johnson (EJ)	British Gas
Julie Brown (JB)	British Gas
Alastair Cobb (AC)	British Gas
Beth Tatton (BT)	Calvin Capital
Sharon Armitage (SA)	E.ON
Alex Hurcombe (AH)	EDF
Daniel Davies (DD)	ESG Global
Martin Bell (MB)	EUA
Kelly Kinsman (KK)	National Grid Electricity Distribution
Joey Manners (JM)	Octopus Energy
Ralph Baxter (RB)	Octopus Energy
Audrey Smith-Keary (ASK)	OVO
Mahfuzar Rahman (MRa)	Scottish Power
Jeff Studholme (JS)	Smart Meter Assets
Shuba Khatun (SK)	SSEN
Nik Wills (NW)	Stark
Kevin Clark (KC)	Utilita

Overview

The Smart Energy Code Administrator and Secretariat (SECAS) provided an overview of the issue identified, and the Refinement Consultation responses.

Issue

- The SEC Panel is expected to manage any performance-related matters as they arise
- The Panel's scope is broad and managing matters case-by-case is challenging
- A 2022 project concluded that a risk-based Performance Assurance Framework (PAF) would give Parties confidence that obligations were being met

Refinement Consultation summary

- 9/11 respondents believed that MP224 should be approved
- 8/11 agreed the legal text was suitable
- 9/11 agreed with the implementation approach (Parties caveated responses highlighting details could change this response)
- 7/11 felt there should be no financial penalties
- Concerns raised around the level of detail currently developed

Working Group Discussion

SECAS (KD) provided an overview of the issue, Proposed Solution and a summary of the responses to the Refinement Consultation.

A Network Party (SK) noted support for the current proposals, highlighting that the PAB would have industry representation and therefore should deliver documentation suitable for Parties' needs. They also commented that the documentation would be consulted upon as part of the drafting. They also confirmed they were not in favour of inclusion of financial penalties. SECAS (KD) advised that this view matched most respondents and had been removed from the legal drafting. Additionally, the legal text had been redrafted to include consultations specifically against each artefact the PAB would be required to produce.

A Large Supplier member (RB) agreed with removal of financial penalties. Citing that it would likely be duplicative and if DCC were financially penalised then Suppliers ultimately end up funding this anyway.

PAB Composition

SECAS (KD) provided overview of the proposed composition of the PAB, noting that some respondents had concern around different representation.

Two Large Supplier members (AC & JB) discussed whether Other SEC Parties should have the same representation in these discussions as Suppliers who fund the SEC and have most obligations.

Another Large Supplier member (RB) highlighted that the Other SEC Party category has approx. 130

organisations in which is having a big effect on performance of system, and ability for Suppliers to meet certain obligations.

The Working Group agreed that the composition of the PAB needed to be adjusted in a final drafting.

Further detail required

A Large Supplier member (AH) noted their response included concern about the level of detail, the discretion given to the Performance Assurance Board (PAB) and the lack of Change Management required to alter documentation in the current drafting. Another Supplier member (KC) supported this view.

The Large Supplier member (AH) highlighted that just because other Codes have a PAF was not sufficient reasoning to include one within the SEC. They noted concern at Parties being asked to approve extra work cost without being able to see the detail meant they were being very cautious.

Another Large Supplier member (JB) questioned how the reporting would be delivered, as it is not detailed in the drafting. They noted building reports for Parties can be costly and needed to be more detailed. SECAS (KD) advised the intent is to use existing reporting wherever possible as DCC has a holistic view and would lessen impacts on Parties, but acknowledged some level of Party reporting would be required.

Another Large Supplier (RB) commented that the Smart Metering arrangements are too immature to deliver a PAF at this time. They noted that many issues are complex and difficult for Parties to deliver on their obligations as they're impacted by factors outside of their control. Another Large Supplier member (JB) agreed with this viewpoint.

SECAS (KD) noted the intended approach had been to deliver a framework for the PAB to be set up and deliver the relevant detail. They acknowledged the discussion had highlighted further detail was required to satisfy Parties and queried the best way to deliver this.

Another Working Group member (JB) noted that the definition of success could mean different things for different entities and that each issue/risk would need a defined measurement of success to help make it clear. This view was supported by the DCC (DW) and another Large Supplier (RB), noting the issues found in placing obligations on DCC performance through MP122 and then needing subsequent modifications to be able to deliver such reporting, which is proving costly.

Working Group members highlighted that benefits of PAFs in other codes should be provided to summarise the benefits that the SEC could see when applied to its obligations. They noted that SECAS should provide some worked through examples of current issues that a PAF could be applied to and identify how these would be addressed and resolved.

Ofgem (SM) requested clarification on what Ofgem's proposed role would be, noting a previous drafting of legal text identified they would be the route for all referrals. SECAS (KD) clarified that the legal text had been redrafted to place Ofgem as the final arbitrator for a PAB decision, once Panel had provided their initial decision on the PAB ruling as the first referral. They agreed that set criteria for appeals would be set out as part of the detail.

SECAS (KD) noted that the existing Negotiations, Appeals and Disputes processes will remain, as well as the Events of Default will be handled in the same manner as they are currently.

Next Steps

The following actions were recorded from the meeting:

- SECAS to work through relevant examples from OPSG Issues Register.
- SECAS to provide more detail on potential benefits on the back of these worked examples.
- SECAS to return to Working Group with drafted artefacts.