



This document is classified as **White** in accordance with the Panel Information Policy. Information can be shared with the public, and any members may publish the information, subject to copyright.

Stage 02: Draft Modification Report

SECMP0050:

Section D Review: Moving the Working Group Terms of Reference to a separate document

Summary

This modification seeks to remove the detail on how SEC Modification Working Groups are formed and operate from the SEC and replace it with a Panel-owned 'Working Group Terms of Reference' document.

Working Group View



- The Working Group (WG) **unanimously** believes that SECMP0050 should be **approved**.

Impacts



- There are no impacts on SEC Parties identified
- There are no impacts on Data Communications Company (DCC) Central Systems and/or Party interfacing systems

What stage is this document in the process?

01	Initial Assessment
02	Refinement Process
03	Modification Report
04	Decision

SECAS Contact:

Name:

Harry Jones

Number:

020 7081 3345

Email:

SEC.Change@gemserv.com

SECMP0050
Draft Modification
Report

23rd May 2018

Version 0.1

Page 1 of 12

This document is
classified as **White**

© SECCo 2018



Content

1. Summary	3
2. What is the issue?	4
3. Proposed Solution	5
4. Impacts	6
5. Costs	7
6. Implementation	8
7. Working Group Discussions	9
8. Working Group's Conclusions	10
Appendix 1: Glossary	12

About this Document

This document is a Draft Modification Report (DMR). This document provides detailed information on the issue, solution, impacts, costs and Working Group discussions and conclusion on SECMP0050.

The SEC Panel will consider this report at its meeting on 13th July 2018 to ensure that due process has been followed and determine whether to issue the modification for Modification Report Consultation (MRC).



1. Summary

What is the issue?

The recent SEC Section D Review has identified that it would be beneficial to remove the details of how Working Groups operate from the SEC itself and instead cover this in a separate Panel-owned document that the SEC references.

What is the Proposed Solution?

This modification proposes to make changes to SEC Section D to remove the details of how Working Groups are formed and operate. Instead, the SEC will mandate the Panel prepares and maintains a 'Working Group Terms of Reference' document that will contain this detail.

Impacts – Proposed Solution

Party

There are no impacts on SEC Parties identified.

System

There are no impacts on DCC Central Systems or Party interfacing systems identified.

Implementation Costs

The total estimated implementation cost to deliver SECMP0050 is approximately £1,200. This total cost consists of SEC Administration effort.

Implementation Date

The Working Group recommends an implementation date of:

- **1st November 2018**, if a decision to approve is made by 28th September 2018.

Working Group's views

The Working Group believes **unanimously** that SECMP0050 better facilitates the SEC Objectives. The Working Group therefore believes that this Modification Proposal should be **approved**.

SECMP0050
Draft Modification
Report

23rd May 2018

Version 0.1

Page 3 of 12

This document is
classified as **White**

© SECCo 2018



2. What is the issue?

Background

In January 2018, the Panel requested SECAS carry out a full review of SEC Section D 'Modification Process', and to capture any proposals for how to improve the efficiency of how change is progressed or delivered.

The SECAS review consisted of a workshop held in February 2018 to discuss areas of the process, and an industry consultation issued in March 2018 on potential straw man solutions. The Panel, the Change Board, Ofgem and BEIS were also consulted on the proposed straw man solutions.

This modification, along with [SECMP0049 'Section D Review: Amendments to the Modification Process'](#) and [SECMP0051 'Section D Review: Amendments to the Fast Track Modification process'](#), have been raised to progress the outcomes of the review.

What is the issue?

SEC Section D6 'Refinement Process' contains sections detailing how a Working Group is set up and how it operates during the Refinement Process. Notably, SEC Sections D6.2-D6.7 'Establishment of a Working Group' goes into detail of a Working Group's membership, quorum and what the obligations of Working Group are. As these details are documented in the SEC itself, there is little scope for the Panel to allow flexibility that may be required in some circumstances.

For example, the SEC requires a Working Group to be formed of at least five individuals who each have relevant experience and expertise in relation to the subject matter of the Modification Proposal and whose backgrounds are broadly representative of the persons likely to be affected by the Modification Proposal if it is approved. SECAS has struggled for some modifications to find enough interested industry participants to fulfil this requirement while also ensuring a diverse mix of representation on the Working Group.

The Section D Review recommended that the details of how Working Groups are formed and operate are removed from the SEC and placed into a Panel-owned 'Working Group Terms of Reference' document. This modification has been raised to take these proposals forward.



3. Proposed Solution

Solution

This modification seeks to remove the details in SEC Section D6 regarding a Working Group's establishment, membership and operation from the SEC. Instead, it would mandate the Panel to establish a 'Working Group Terms of Reference' document that would provide this detail. All Working Groups established under Section D would adhere to these Terms of Reference. The document would also contain a flexibility clause that would allow the Panel to direct variations for specific Working Groups to cater for any specific circumstances that may arise.

The details of the new Terms of Reference do not need to be specifically drafted under this modification, but the Proposer considers it pragmatic that the Working Group prepares a draft for the Panel's consideration. If this modification was approved, the Panel would then be able to approve the Terms of Reference document as part of the implementation of this modification (should it be approved). The Panel can then take these comments into consideration when it approves the document.

Draft legal text

The proposed legal text changes to SEC Sections A and D are provided in Attachment B to the Working Group Consultation document.



4. Impacts

The following section sets out the impacts associated with the implementation of SECMP0050.

SEC Party impacts

There are no impacts on Parties anticipated.

Central System impacts

There are no system impacts anticipated.

SEC and Subsidiary Document impacts

This modification will require changes to SEC Section D 'Modification Process'.

Impacts on other industry codes

This modification will not have any impacts on other industry codes.

Greenhouse Gas Emission impacts

This modification will not have any impacts on Greenhouse Gas Emissions.

5. Costs

Estimated Implementation costs

The total estimated implementation cost to delivery SECMP0050 is approximately £1,200. This consists solely of SECAS time and effort in implementing the changes to the SEC.

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. Publication of new version of the SEC on the SEC Website and issuing this to SEC Parties. Review and update any impacted SEC guidance materials.	Two	£1,200 ¹

¹ SEC man day effort based on a blended rate of £600 per day.



6. Implementation

Recommended implementation date

The Working Group is recommending an implementation date for SECMP0050 of:

- **1st November 2018**, if a decision to approve is made by 28th September 2018.

The November 2018 SEC Release is the earliest SEC Release that this modification could be implemented in. The lead time for this modification allows for the Panel to sign off the terms of reference document at its October 2018 meeting should the modification be approved. To facilitate this, the draft document will be consulted upon as part of the Modification Report Consultation.

7. Working Group Discussions

Are the existing rules for how Working Groups are formed and operate fit for purpose?

The Working Group's discussions agreed with the proposal that there is a desire to change how Working Groups operate. The Working Group showed a clear demand for greater flexibility to pragmatically solve issues with Working Groups, for instance increased options to progress ahead with a Working Group with the members who are available rather than having to delay progress waiting for full meetings. Modifications that were lower priority that would not attract significant attention from the wider industry was an example cited as a reason that additional flexibility should exist in the proposed 'Working Group Terms of Reference'.

How would Parties be able to propose changes to the terms of reference?

The Working Group noted that currently, if a Party wanted to make a change to the rules around Working Groups, they could raise a Modification Proposal to amend Section D. Under the proposed process, this route would no longer apply. Members noted that Parties could still propose changes to the terms of reference to the Panel via SECAS or their Panel representative, and the Panel could consider whether to progress any changes in response to this. The Working Group was therefore satisfied that Parties would still be able to feed views into the terms of reference document.

The Working Group also believed that the Panel should consult on any changes to the terms of reference document before it signs off those changes, which is a similar approach taken to other Panel-owned documents such as the Panel Release Management Policy. The Panel would be expected to give due regard to any responses received to that consultation when subsequently approving the updates to the terms of reference document.

8. Working Group's Conclusions

The Working Group's **unanimous** view is that SECMP0050 better facilitates General SEC Objective (g) and should be **approved**.

Benefits and drawbacks of SECMP0050

The Proposer and the Working Group have identified the following benefits and drawbacks related to SECMP0050:

Benefits

Members believe that Working Groups will be easier to organize. As an example, this change would allow modifications that would otherwise not garner much interest from other Parties within the industry to progress faster by allowing a smaller number of Working Group members to be needed for the modification (in line with the complexity and impacts of the proposed solution). Therefore, future Working Groups should encounter less barriers to being formed.

This will also achieve greater efficiency within the Terms of Reference, as the new document will be more flexible, allowing the Panel to grant deviations from the document to meet the circumstances of specific Working Groups. This in turn should reduce the timeline for the Refinement Period in future modifications and thereby realise greater efficiency in the process.

Editing the Terms of Reference in future will be an easier process, as the Terms of Reference would be a separate document outside the main body of text in the SEC. By doing this, it will allow any further adjustments to the Terms of Reference to take place without having to raise and progress a modification. This achieves greater efficiency by allowing the same outcome as currently but in a shorter timescale and with less administration effort.

Drawbacks

The Working Group believed that the current quorum of five members should be retained in the terms of reference document, but that the Panel would then have the flexibility to reduce this. There were concerns that sufficiently diverse representation would be lost if the number of Working Group members was reduced from five members.

Members also noted that this would create an additional document that the Panel would be required to maintain. Changes to this document would also sit outside of the Modifications Process, making the process less clear, although the Working Group was satisfied that Parties could still submit proposed changes to the Panel for consideration.

SECMP0050
Draft Modification
Report

23rd May 2018

Version 0.1

Page 10 of 12

This document is
classified as **White**

© SECCo 2018



Views against the General SEC Objectives

Objective (g)²

The **unanimous** view of the Working Group is that this modification better facilitates SEC Objective (g). This is because the flexibility around Working Groups would be increased and therefore help deliver greater efficiency when consulting the wider industry. Additionally, future updates to the general terms would be possible without being initiated through the modification process, which again delivers greater efficiency.

For the avoidance of doubt, the Working Group believes that SECMP0050 is neutral against all other SEC Objectives.

² Facilitate the efficient and transparent administration and implementation of this Code

Appendix 1: Glossary

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

Acronym	Term
DCC	Data Communications Company
DMR	Draft Modification Report
MRC	Modification Report Consultation
SEC	Smart Energy Code
ToR	Terms of Reference
WG	Working Group