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SECMP0050 Initial Modification Report

About this document

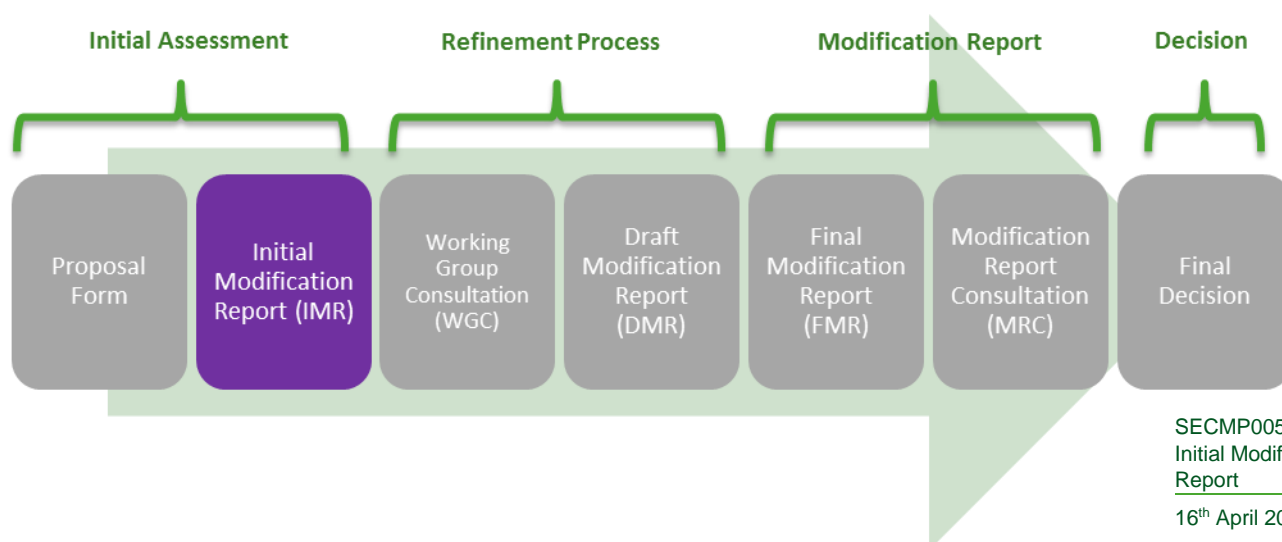
This Initial Modification Report (IMR) contains our initial assessment of SECMP0050. It also provides information on the issue, the Proposer's solution, potential impacts, costs and proposed progression.

This document is submitted to the Smart Energy Code (SEC) Panel for consideration to determine how this Modification Proposal should be progressed through the Modification Process.

As part of this document the Panel were invited to:

- **AGREE** that this modification should be submitted into the Refinement Process to be assessed by a Working Group;
- **AGREE** the Working Group Terms of Reference;
- **AGREE** the progression timetable set out in Section 6; and
- **AGREE** that SECMP0050 should be progressed as a Path 2 Modification Proposal.

Where are we in the process?



SECMP0050
Initial Modification
Report

16th April 2018

Version 1.0

Page 0 of 13

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Stage 01: Initial 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.

Proposed Progression

This Modification Proposal is recommended to be:

P2

- progressed as a Path 2: Authority Determined Modification Proposal; and
- progressed through the refinement process for three months.

3
Months

Potential Impacts



- There are no identified impacts that place any additional obligations or process changes directly on SEC Parties.
- There are no impacts on DCC Central Systems or Party interfacing systems.

What stage is this document in the process?

01	Initial Assessment
02	Refinement Process
03	Modification Report
04	Decision

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SECMP0050
Initial Modification
Report

16th April 2018

Version 1.0

Page 1 of 13

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Content

1. Summary	3
2. What is the issue?	4
3. Solution	6
4. Potential Impacts	7
5. Potential Costs	8
6. Proposed Progression	9
7. Recommendations	11
Appendix 1: Detailed Progression Plan	12
Appendix 2: Glossary	13

About this Document

This is an Initial Modification Report (IMR). This document contains details of the issue, solution, potential impacts and costs as well as the proposed progression for SECMP0050.

This document has one attachment:

- Attachment A contains the SECMP0050 Modification Proposal Form.

The Panel considered this IMR at its meeting on 13th April 2018 and determined how this modification should be progressed through the Modification Process.

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' that will contain this detail.

Potential impacts

Party

Large Supplier Parties		Small Supplier Parties	
Electricity Network Parties		Gas Network Parties	
Other SEC Parties			

System

DCC Systems		Party interfacing systems	
Smart Metering Systems		Communication Hubs	
Other systems			

Potential implementation costs

We believe that the cost to implement SECMP0050 will be limited to SEC time and effort to deliver the necessary changes.

Proposed progression

We recommend that this modification is progressed to the Refinement Process for a three-month assessment by a Working Group.

SECMP0050
Initial Modification
Report

16th April 2018

Version 1.0

Page 3 of 13

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2. What is the issue?

The SEC Section D Review

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 have also been 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 are the issues with the current arrangements?

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. A recent example is with the forming of a Working Group for [SECMP0043 'Modification to Services Force Majeure Provisions'](#). 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 struggled to find enough interested industry participants to fulfil this requirement while also ensuring a diverse mix of representation on the Working Group.

However, as this quorum is a Code requirement, the options available to the Panel were limited; at one stage the Panel offered to be the Working Group itself. This has caused delays with the progression of this modification, as without being quorate, the Working Group cannot form to undertake its responsibilities under the Refinement Process.

Furthermore, the Panel has no scope to vary any of the provisions documented in the SEC without raising and progressing a modification. This adds inefficiency to the process, as the same outcome could be obtained by the Panel consulting the industry via an ad-hoc consultation should it believe such consultation necessary, prior to it approving any changes.



What is the issue?

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. Solution

Proposed solution

SECMP0050 'Section D Review: Moving the Working Group Terms of Reference to a separate document' was raised by Simon Trivella of Centrica on 5th April 2018.

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 Panel would also be able to direct variations to this for specific Working Groups to cater for any specific circumstances that may arise.

The details of the new Terms of Reference would 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.

The full end-to-end solution proposed by this modification is that covered in Section 3 of the SEC Section D Review Consultation document.

Views against the General SEC Objectives

The Proposer believes that this Modification Proposal better facilitates General SEC Objective (g)¹.

Removing the detail of how Working Groups are established and operate from the SEC and instead holding these in a Panel-owned document makes it more efficient if changes are needed to cater for a specific situation. Currently, the Panel has no ability to vary from the terms as specified in the SEC, which limits flexibility and can result in unnecessary delays to the progression of modifications. Facilitating this flexibility improves efficiency by allowing the Panel more options around the smarter working of Working Groups. Furthermore, if the general terms need to be changed, the Panel will be able to direct these be made without needing to submit these through the modification process, which again increases efficiency.

For the avoidance of doubt, the Proposer believes that this modification is neutral against the other Objectives.

¹ Facilitate the efficient and transparent administration and implementation of this Code

4. Potential Impacts

The following section sets out the initial assessment of likely impacts and costs should SECMP0050 be approved and implemented. Additional impacts/costs may be identified by the Working Group as part of the Refinement Process.

SEC Party impacts

Large Supplier Parties		Small Supplier Parties	
Electricity Network Parties		Gas Network Parties	
Other SEC Parties			

This modification is not expected to place any additional obligations or internal process changes directly on any SEC Party. All Parties will benefit from the changes identified to improve the Modification Process.

Central System impacts

DCC Systems		Party interfacing systems	
Smart Metering Systems		Communication Hubs	
Other systems			

This modification will not impact on any systems.

SEC and Subsidiary Document impacts

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

Impacts on other industry codes

This modification is not expected to impact on any other industry codes.

Greenhouse Gas Emission impacts

This modification will have no impact on greenhouse gas emissions.



5. Potential Costs

Potential implementation costs

The cost to implement SECMP0050 is expected to be limited to the SEC Administration time and effort for:

- Making the necessary amendments to the SEC;
- Releasing a new version of the SEC to SEC Parties; and
- Publishing the updated SEC on the SEC website.

However, this will be confirmed as part of the Working Group's assessment and development of the modification.

6. Proposed Progression

Modification Path

We and the Proposer recommended that SECMP0050 be progressed as a Path 2: Authority Determined Modification Proposal.

This modification will make material changes to the processes in SEC Section D. This satisfies criteria (d) in the list of criteria in SEC Section D2.6 for a modification to require an Authority determination.

Proposed progression

For efficiency, we proposed that all the modifications arising from the Section D Review, SECMP0049, SECMP0050 and SECMP0051, are progressed in parallel and assessed by a joint Working Group.

We recommended the following progression timetable for Panel consideration.

Activity	Date
Modification Proposal raised	05 Apr 18
IMR presented to Panel	13 Apr 18
Working Group meeting	W/B 30 Apr 18
Working Group Consultation	17 May 18 – 08 Jun 18
Working Group meeting	W/B 18 Jun 18
Panel reviews Modification Report	13 Jul 18
Modification Report Consultation	13 Jul 18 – 03 Aug 18
Change Board vote	22 Aug 18
Authority decision (<i>Path 2 only</i>)	Around 28 Sep 18

Refinement length

We recommended that this modification is submitted to the Refinement Process for three months to allow for an assessment by a Working Group. This three-month timeframe will allow for:

- a full Working Group assessment to take place (two or three meetings); and
- one 15 Working Day industry consultation to be issued and reviewed.



For a more detailed progression plan please see Appendix 1.

Working Group

Membership

We recommended that the SECMP0050 Working Group be made up of representatives from the Section D Review Workshop, individuals with expertise in Industry Code governance, and any other interested parties.

Terms of reference

In order to assess the Modification Proposal fully, we recommended that the Working Group considers the following specific questions in addition to the standard terms of reference questions.

Q1: Are the existing rules for how Working Groups are formed and operate fit for purpose?

As part of this modification, the Working Group should consider whether the current rules for how Working Groups are formed and how they operate are fit for purpose or whether any changes should be made. These recommendations will help inform the Panel of the contents of the 'Working Group Terms of Reference' document that it would be required to prepare and approve ahead of the modification's implementation (if approved).



7. Recommendations

The SEC Panel:

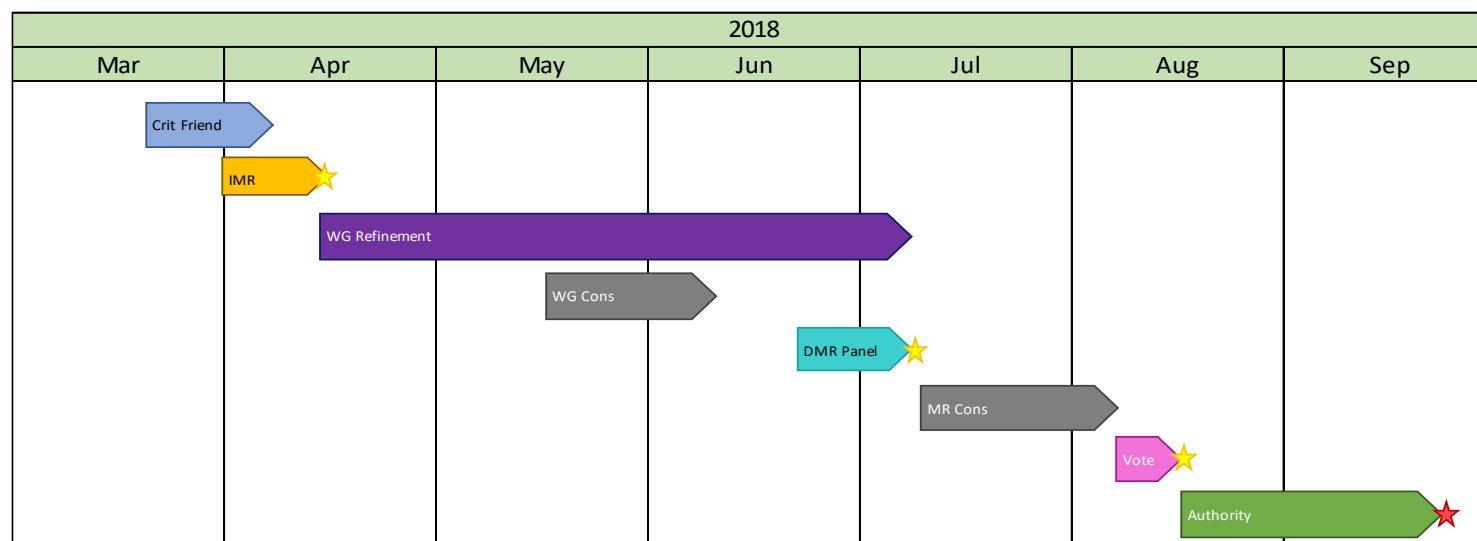
- **AGREED** that this modification should be submitted into the Refinement Process to be assessed by a Working Group;
- **AGREED** the Working Group's terms of reference;
- **AGREED** the progression timetable set out in Section 6; and
- **AGREED** that this modification should be progressed as a Path 2 Modification Proposal.



Appendix 1: Detailed Progression Plan

Please note that the progression plan shown below is subject to change.

Panel agreed milestone ★ Decision Date ★





Appendix 2: Glossary

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

Acronym	Defined Term
DCC	Data and Communications Company
IMR	Initial Modification Report
SEC	Smart Energy Code
SECAS	Smart Energy Code Administration and Secretariat