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SECMP0051 Draft Modification Report

About this document

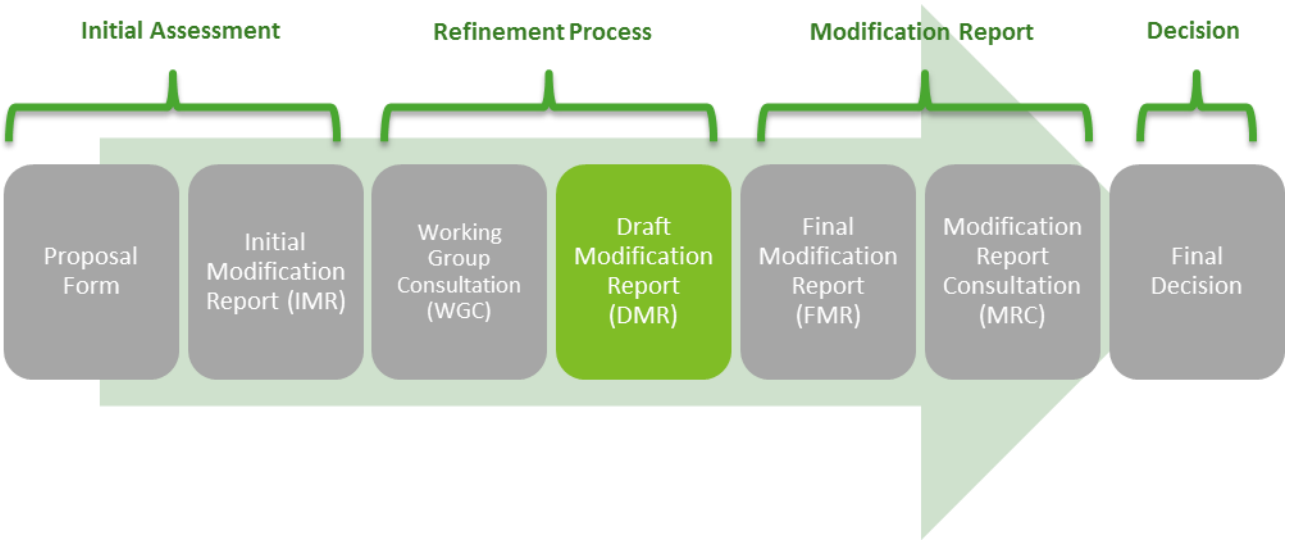
This Draft Modification Report (DMR) provides detailed information on the issue, solution, impacts, costs and Working Group discussions and conclusion on SECMP0051 'Section D Review: Amendments to the Fast-Track Modification process'.

This report is submitted to the Smart Energy Code (SEC) Panel for consideration to ensure that due process has been followed and determine whether to issue the modification for Modification Report Consultation (MRC)

As part of this document the Panel will be invited to:

- **AGREE** that SECMP0051 is a Path 3 Modification Proposal;
- **AGREE** that the draft legal text delivers the intention of the modification;
- **AGREE** with the recommended implementation date of 1st November 2018; and
- **AGREE** that this modification be submitted to Modification Report Consultation.

Where are we in the process?



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Stage 02: Draft Modification Report

What stage is this document in the process?

01	Initial Assessment
02	Refinement Process
03	Modification Report
► 04	Decision

SECMP0051:

Section D Review: Amendments to the Fast Track Modification process

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Summary

This modification seeks to streamline the process for progressing a Fast-Track Modification Proposal through the SEC Modifications Process, by aligning the process to that used under other energy codes.

Working Group View

✓

- The Working Group unanimously believes that SECMP0051 should be approved.

Impacts

!

- There are no impacts on SEC Parties identified
- There are no impacts on DCC Central Systems or Party interfacing systems

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About this Document

This document is a Draft Modification Report (DMR). It provides detailed information on the issue, solution, impacts, costs and Working Group discussions and conclusion on SECMP0051.

This document has two attachments:

- Attachment A contains the draft legal text changes to support this modification; and
- Attachment B contains the full Working Group Consultation responses.

The Smart Energy Code (SEC) Panel will consider this report to ensure that due process has been followed and determine whether to issue the modification for Modification Report Consultation.

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1. Summary

What is the issue?

The Fast-Track Modification process is used to progress self-evident changes to the SEC in an expedited manner. The recent SEC Section D Review has identified that this process under the SEC is not as efficient as the equivalent process under other energy codes, and that the SEC process should be aligned with the other codes.

What is the Proposed Solution?

This modification proposes to make changes to the Fast-Track Modification process under SEC Section D to streamline the process and align it with the equivalent process under other energy codes.

Impacts – Proposed Solution

Party

There are no impacts on SEC Parties anticipated.

System

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

Implementation Costs

The total estimated implementation cost to deliver SECMP0051 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 18th October 2018.

Working Group's views

The Working Group believes **unanimously** that SECMP0051 better facilitates the SEC Objectives. The Working Group therefore believes that this Modification Proposal should be **approved**.

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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 SECMP0050 'Section D Review: Moving the Working Group Terms of Reference to a separate document', was raised to progress the outcomes of the review.

What is the current Fast-Track process?

Fast-Track Modifications allow minor housekeeping changes (e.g. typographical errors or changes to the names of key bodies or legislation referenced in the SEC) to be progressed through the process in an expedited manner, reflecting their self-evident nature. To date, there has only been one Fast-Track Modification: SECMP0001 'Updating the SEC to reflect abolition of the National Consumer Council (NCC)', progressed in 2014.

The current Fast-Track process under the SEC works as follows:

- The Panel will agree to raise the modification.
- The industry will be notified that the modification has been raised, and will be given a minimum of 15 Working Days to comment via SECAS.
- At its next meeting the Panel will then determine whether to approve or withdraw the Fast-Track Modification.
- If the Panel approves the modification, Parties then have a further 10 Working Day window in which they can refer the decision to the Authority.

What is the issue?

The current Fast-Track process for modifications only saves a small amount of time, around one to two weeks, compared to a Self-Governance modification that progresses direct to the Report Phase, and is different to the Fast-Track process followed by equivalent codes such as the Balancing and Settlement Code (BSC) or the Connection and

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Use of System Code (CUSC). Additionally, only the SEC Panel can raise Fast-Track modifications, whereas under other industry codes Parties can also raise these changes.

The Section D Review recommended that the Fast-Track Modification process should be aligned to that under other energy codes. This modification has been raised to take this proposal forward.

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3. Proposed Solution

Solution

SECMP0051 proposes to replace the current Fast-Track Modification process with the following process, which is based upon the process followed under other energy codes:

- The Panel will be able to simultaneously raise and approve a Fast-Track Modification at the same meeting. It will only be able to approve the modification as a Fast-Track Modification if that decision is unanimous. If this decision is not unanimous, this would be an indication that the change is not manifestly obvious or a clear matter of fact, and the Panel must progress the modification down a different route (e.g. direct to the Report Phase as a Self-Governance Modification).
- If the Panel approves the modification as a Fast-Track Modification, Parties will have a 15 Working Day window in which to object to the decision.
    - If an objection is received, the modification is returned to the Panel for it to progress down a different route – the receipt of an objection would be an indication that the change is not manifestly obvious or a clear matter of fact and so should not be progressed as Fast-Track.
    - If no objections are received, the decision to approve is final and the modification is implemented on the agreed date.

This modification also proposes that any participant eligible to raise SEC Modification Proposals can request their modification be progressed as a Fast-Track Modification. When the Panel first considers the modification, it will determine whether it would qualify for Fast-Track status. Again, such a vote must be unanimous, and if it is not then the modification must progress down a different route.

Draft legal text

The proposed legal text changes to SEC Section D are provided in Attachment A.

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4. Impacts

The following section sets out the impacts associated with the implementation of SECMP0051.

SEC Party impacts

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

There are no impacts on Parties anticipated in implementing this modification. 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			

There are no anticipated impacts on Central Systems or Party Interfacing Testing required.

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 any other industry code.

Greenhouse Gas Emission impacts

This modification is not expected to have any impact on Greenhouse Gas Emissions.

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5. Costs

Estimated Implementation costs

The total estimated implementation cost to delivery SECMP0051 is approximately **£1,200** in SEC time and effort.

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.

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6. Implementation

Recommended implementation date

The Working Group is recommending an implementation date for SECMP0051 of:

- 1st November 2018, if a decision to approve is made by 18th October 2018.

The November 2018 SEC Release is the earliest release that this modification can be included in. SECAS will require a 10 Working Day lead time to implement this change.

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7. Working Group Discussions

Is the proposed process for Fast-Track Modifications appropriate?

The Working Group discussed the proposed solution for progressing Fast-Track Modifications. Members noted that this is the same process as used under other codes and believed it would be appropriate to use the same process under the SEC to improve consistency between the different code modification processes. All members were in support of the proposed solution.

One Working Group member noted that the proposed amendments to SEC Section D3.5(b) could mean a Fast-Track Modification is raised as little as seven Working Days before a Panel meeting, rather than the current 15 Working Days. They queried if this could mean the Panel and the industry would not have enough time to properly assess if the proposed changes did qualify for Fast-Track status. SECAS noted that it would normally not take a new modification to a Panel meeting unless it had received the proposal at least 10 Working Days beforehand, to allow it time to perform its initial reviews as a Critical Friend. The member noted this approach and was content to leave the timescales as proposed.

The same member also noted that the 15 Working Day objection period would fall across a busy time of the month when a large number of standing groups are held, meaning industry may not have the time to properly review any approved Fast-Track Modification. In addition, for some months the objection period would close on or just after Panel Paper Day for the next Panel meeting, meaning the Panel may receive a late paper. The Working Group noted these comments but believed the proposed timescales would be appropriate. However, if issues do arise in practice, these can be reviewed and amended at a later date.

What criteria should be used to determine if a modification is Fast-Track?

The Working Group noted the current criteria to be a Fast-Track Modification is one “to correct typographical or other minor errors or inconsistencies in this Code” (SEC Section D2.8). Members believed that the current criteria would encompass the criteria needed to be a Fast-Track Modification – a modification designed to address text mistakes and other grammatical updates that would have no material effect and which the sole purpose is for minor amendments.

The Working Group noted comments received in the Working Group Consultation around the definition of a Fast-Track Modification. One respondent believed that the term ‘errors’ should be replaced with ‘factual inaccuracies’ for additional detail in the SEC text. Another respondent believed the term should be clarified that the changes proposed do not

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constitute material changes. The Working Group agreed with both suggestions and the legal text has been updated accordingly.

The Working Group believed that this should be the only type of modification that should be allowed to use the Fast-Track process and agreed that it must receive a unanimous approval from the Panel to progress as such. If any Panel Member disagreed, this would be a sign that the change was not self-evident, and so should not proceed as Fast-Track. Equally, if any objection was subsequently raised, this would also be a sign the change is not self-evident. In both cases, this would require the modification to proceed down an alternative path (e.g. proceed directly to the Report Phase) to undergo a more robust assessment.

How likely is the Fast-Track process to be used?

A Working Group member raised the question of what analysis could be undertaken to identify how many modifications that have had legal text edits made to them after the Refinement Process has ended. The rationale behind this was to determine if the updated Fast-Track process would lead to more Fast-Track Modifications being raised to correct legal text. It was concluded that any Modification Proposal that required non-material changes to be made following Modification Report Consultation which would be eligible to proceed under the Fast-Track process, such as typographical mistakes, had usually be made at that late stage in the modification's progression by agreement of the Change Board; anything more material would not be eligible for Fast-Track status.

SECAS highlighted to the Working Group that it is not the intent to raise large numbers of modifications to correct minor errors in the SEC; such changes could be progressed now using the current Fast-Track process. It is SECAS's intent that, wherever possible, any housekeeping errors are resolved as part of other Modification Proposals that require edits to the relevant part of the SEC. The other likely use of a Fast-Track Modification would be to resolve any legal text clashes that arise due to two modifications impacting the same paragraph. As such, Fast-Track Modifications should continue to be rare.

In any event, the Working Group noted it is not the intent of SECMP0051 to increase the number of Fast-Track Modifications, as the criteria for raising such changes are not being amended, but to improve the efficiency for those that are raised (e.g. by only needing one Panel meeting rather than two).

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8. Working Group's Conclusions

The Working Group's **unanimous** view is that SECMP0051 better facilitates General SEC Objective (g) and should be **approved**.

Benefits and drawbacks of SECMP0051

The Proposer and the Working Group have identified the following benefits and drawbacks related to SECMP0051:

Benefits

The new Fast-Track process has a faster and simpler process than the model it replaces. The speed is attributed to the SEC Panel now being able to simultaneously raise and approve a Fast-Track modification at the same meeting. It means a Fast-Track modification could be confirmed within a three-week period (noting the 15 Working Day objection period), streamlining the process. The simplicity is improved due to only requiring one SEC Panel meeting to raise and approve the modification and the industry having a single window to place objections, whereas the previous model needed at least two SEC Panel meetings to raise and approve a modification and the industry was first notified and then asked for objections in two separate periods. The removal of unnecessary steps would therefore make the Fast-Track process a faster and simpler process.

The new Fast-Track process also benefits from having alignment with other existing industry codes. With the proposed Fast-Track process now matching other industry codes and making it uniformed, this will eliminate potential confusion between codes and make it easier for new entrants to the SEC who have previous experience with other codes to follow a familiar process. Therefore, the new Fast-Track Process having a similar structure to other industry codes is a beneficial factor.

Drawbacks

No drawbacks were raised by the Working Group.

Views against the General SEC Objectives

Objective (g)[2]

The WG **unanimously** believes that General SEC Objective (g) is improved by the proposed changes to the Fast-Track process. This is because the changes improve the

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

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efficiency of the Fast-Track process through the increases to the speed and simplicity that this modification would help deliver.

For the avoidance of doubt, the Working Group believes that SECMP0051 is neutral against all other general SEC Objectives.

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9. Recommendations

The Panel is invited to:

- **AGREE** that SECMP0051 is a Path 3 Modification Proposal;
- **AGREE** that the draft legal text delivers the intention of the modification;
- **AGREE** with the recommended implementation date of 1st November 2018; and
- **AGREE** that this modification be submitted to Modification Report Consultation.

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Appendix 1: Glossary

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

Acronym	Term
BSC	Balance and Settlement Code
CUSC	Connection and Use of System Code
DCC	Data Communications Company
DMR	Draft Modification Report
MRC	Modification Report Consultation
SEC	Smart Energy Code
SECAS	Smart Energy Code Administration and Secretariat

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