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Stage 03: Final Modification Report

What stage is this document in the process?

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

SECMP0049:

Section D Review: Amendments to the Modification Process

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Summary

This modification proposes to amend the end-to-end SEC Modifications Process to introduce a formal 'pre-modification process' and enhance the role of the Change Board in developing and assessing modifications.

Working Group Conclusions

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- The Working Group **unanimously** believes that SECMP0049 should be **approved**.

Impacts

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

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About this Document

This document is the Final Modification Report (FMR) for SECMP0049. This document provides detailed information on the issue, solution(s), impacts, costs, industry consultation as well as Working Group and Panel discussions and conclusions on the modification.

The Change Board will consider this modification at its meeting on 22nd August 2018, where it will determine whether to recommend that SECMP0049 should be approved by the Authority.

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1. Summary

What is the issue?

The recent SEC Section D Review has identified several improvements to the end-to-end SEC Modification Process that should be introduced to improve the efficiency of the process.

What is the Proposed Solution?

This modification proposes to make changes to SEC Section D to introduce a 'pre-modification stage' into the process and to provide a greater level of involvement from the Change Board during the process.

What is the Alternative Solution?

The Alternative Solution is identical to the Proposed Solution except that the Working Group believes the Change Board should be able to send Final Modification Reports directly back to the Working Group at the final vote stage, rather than to the Panel, to enable a more efficient process in which work continues, rather than waiting for the Panel to check and give views.

Impacts

Party

There are no direct 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 SECMP0049 is approximately £1,200 in SEC Administration effort

Implementation Date

The Panel has agreed an implementation date of:

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

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Working Group's views

The Working Group believes **unanimously** that SECMP0049 does better facilitate the SEC Objectives. The Working Group therefore believe that this Modification Proposal should be **approved**. The majority of the Working Group expressed a preference for the Alternative Solution.

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2. What is the issue?

What was the 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 were also consulted on the proposed straw man solutions.

This modification, along with SECMP0050 'Section D Review: Moving the Working Group Terms of Reference to a separate document' and SECMP0051 'Section D Review: Amendments to the Fast Track Modification process', was raised to progress the outcomes of the review.

What is the issue?

The SEC Modification Process was switched on in February 2016. Since then, around 50 Modification Proposals (modifications) have been submitted. However, it has been considered that many of these modifications would have benefitted from further work and discussion prior to being submitted into the 'formal' process. In a couple of cases, modifications raised in 2016 are still without a firm solution due to the Proposer and the industry being unable to develop one under the Refinement Process.

Under the current process, Parties can raise an 'issue' when they have a potential modification but wish to discuss it further before raising a modification. This allows the issue to be discussed in informal workshops, allowing for potential ways forward (which may not require modifications) to be explored and for the wider industry support for the change to be gauged.

Once a modification is raised, it is subject to the full governance and process laid out in SEC Section D. Furthermore, the scope of the modification is fixed at the point the modification is raised, and the solutions put forward must resolve this defect; if the scope is not clear or it is identified that the scope is not correct, this makes it harder to develop suitable solutions. Working Groups may also identify appropriate solutions that do not require changes to the SEC or its Subsidiary Documents, and therefore do not require a modification.

For some of the existing modifications, progression through a more informal discussion stage may have helped to shape the modification and the issue it seeks to address more clearly, identify up-front whether there is an effective solution to the issue, and to gauge the industry support for the change. Many of the modifications have also proven to be expensive as standalone changes, which severely impacts upon the benefits case for their

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implementation, particularly now that the Authority is requesting more detailed cost-benefit cases to be provided for each proposal.

Pre-assessment of all these areas at an earlier stage could have saved industry time, resource and money in not having to then develop and assess modifications with little chance of success. However, this is not a formal step in the process and so is completely optional; as such, no Parties have made use of the issues process to date, preferring instead to proceed directly to a modification.

Modification processes under some other codes allow for a formal pre-modification process whereby changes can be sent for further work before being progressed into the 'formal' change process. One notable example is the Issues Resolution Expert Group (IREG) under the Master Registration Agreement (MRA). All new MRA Change Proposals are sent to the IREG when they are first raised. The IREG will then determine if the change needs further work or assessment before it is formally raised, or if the change is ready to proceed on through the full assessment process to a final decision. This allows a route for those changes which still need work to be further developed early on, without holding up fully developed changes that are ready to proceed.

Under the SEC, the Panel oversees the progression of modifications through the process and determines when changes are ready to proceed to the final Report Phase. However, the power to make decisions or recommendations on modifications rests with the Change Board. It is this body that makes the formal recommendations or decisions on whether a change should be approved or rejected.

Under the current process, the Change Board usually only sees a change for the first time at the very end of the process when the Modification Report is presented to it for vote. It does not usually get involved in the process at any point prior to this step (although Change Board members can choose to be involved on Working Groups if they so wish).

The Section D Review recommended that a series of changes are made to the SEC Modification Process to introduce a 'pre-modification' stage and enhance the role of the Change Board. This modification has been raised to take these proposals forward.

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3. Proposed Solution

Solution

This modification proposes to make the following changes to the SEC Modifications Process:

- When a modification is raised, it will be called a Draft Proposal. SECAS will first present its initial assessment to the Change Board, who will be able to comment on the merits of the new proposal, the areas that will need to be further discussed or clarified and the route that the modification should proceed down. The Change Board will determine whether the modification is ready to be passed to the Panel to progress through the 'formal' process as a Modification Proposal, or whether it would benefit in remaining in draft form for further assessment under the 'Development Stage'. This decision would be taken by a majority consensus among Change Board members present at the meeting, and not via the formal vote mechanism as laid out in Section D.
- This new stage in the process, the 'Development Stage' will sit before the Refinement Stage, and, in some cases, eliminate the need for this depending on the complexity of the modification. This will act as a 'pre-modification process', similar to what the issues process was intended to act as. When the Change Board determines the modification would benefit from further work to clarify the scope and what it is seeking to achieve, it will lead on those discussions as a 'Working Group'. As part of this, it can request further information from DCC or from the wider industry (e.g. via a Request for Information). For more complex Draft Proposals, the Change Board may also set up a workshop similar to what an Issue Group would do, to specifically work on that proposal.
- Once the Change Board believes a Draft Proposal is ready to proceed, the modification will be presented to the Panel. It will remain as a draft until the Panel agrees it is ready to enter the 'formal' process, at which point they will be converted to Modification Proposals and enter either the Refinement Process or Report Phase.
- Proposers will be able to request that their Draft Proposal goes straight to the Panel for consideration (e.g. if it had already been discussed and developed by another Sub-Committee). The Panel would have the option to keep the proposal as draft and send it to the Change Board for further work, or progress it on as a Modification Proposal. A modification marked as urgent would always go straight to the Panel, and the existing process for requesting Urgent Status would be unchanged.
- The Refinement Process will be largely unchanged from now. The only change will be the Change Board's involvement prior to a DCC Impact Assessment being

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requested. When the Working Group reaches this stage, a Draft Modification Report will be presented to the Change Board. The Change Board will formally vote on whether the modification should be issued for Impact Assessment (noting the costs the industry would incur from this) or whether the modification would benefit from further work before the Impact Assessment is requested. If the Change Board determines that the Impact Assessment should not be requested, the Proposer can collaborate with the Working Group to further develop their solution, withdraw the modification, or appeal this decision to the Panel. If the Panel also determines that the Impact Assessment should not be requested then it will state what further work needs to be completed before the Impact Assessment should be requested, and the modification will return to the Working Group for further work.

The legal text for SECMP0049 has been drafted to refer to a 'Change Sub-Committee' performing the Development Stage actions placed on the Change Board above. However, it also contains a clause (Section D2A.2) that allows the Panel to allocate the responsibilities of this Change Sub-Committee to an existing Sub-Committee (i.e. the Change Board) rather than form a new group, and the Working Group anticipates the Panel to invoke this upon implementation of SECMP0049. If the Panel was to form a new group, it would need to determine the membership and terms of reference for this body in line with SEC Section C. This provides greater flexibility within the solution should it be identified later that having a separate body to the Change Board performing these functions would be beneficial.

Finally, parts of Section D will be clarified to incorporate lessons learnt over the last two years and tidy up wording. This includes clarifying the rules around Proposer Ownership of the Proposed Solution, removing the Path numbers and aligning the list of items published in the Change Register to the contents of this report

Draft legal text

The proposed legal text changes to the SEC are provided in Attachments B (which applies to both solutions) and Attachment C (Section D changes for the Proposed Solution).

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4. Alternative Solution

Solution

The Working Group has developed an Alternative Solution to SECMP0049.

The Alternative Solution is identical to the Proposed Solution except in relation to the Change Board's power to vote to return a Modification Report to the Panel prior to its final vote following the Modification Report Consultation.

Currently, if the Change Board votes to return the Modification Report for further work, this is returned to the Panel. The Panel may then either accept the Change Board's recommendation and return the modification to the Working Group (or SECAS if there was no Working Group) for further work, or reject the recommendation and return the Modification Report to the Change Board to vote upon.

The Working Group believes it would be more efficient if, should the Change Board vote to return a Modification Report for further work, that it should be returned directly to the Working Group, and not go to the Panel first. This would reduce the time needed to complete the work, as currently there can be up to four weeks between the Change Board voting to send the report back and the Panel considering that vote, during which time the work could be completed.

Draft legal text

The proposed legal text changes to the SEC are provided in Attachments A (which applies to both solutions), and Attachment D (Section D changes for the Alternative Solution).

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5. Impacts

The following section sets out the impacts associated with the implementation of SECMP0049.

SEC Party impacts

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

There are no system impacts anticipated.

Testing

There are no testing impacts anticipated.

SEC and Subsidiary Document impacts

This modification will require changes to the following SEC Sections:

- Section A ‘Definitions and Interpretations’;
- Section C ‘Governance’;
- Section D ‘Modification Process’;
- Section F ‘Smart Metering System Requirements’;
- Section G ‘Security’;
- Section L ‘Smart Metering Key Infrastructure and DCC Key Infrastructure’;
- Section M ‘General’;
- Section Z ‘Alt HAN Arrangements; and
- Appendix AG ‘Incident Management Policy’.

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.

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6. Costs

Estimated Implementation costs

The total estimated implementation cost to deliver SECMP0049 is approximately £**1,200** in SECAS 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. Updating the Change Board terms of reference document.	Two	£1,200[1]

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

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7. Implementation

Recommended implementation date

Panel has agreed an implementation date for SECMP0049 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 targeted for. SECAS will require a 10 Working Day lead time to implement the changes to the SEC.

Any Modification Proposal that is in the process when SECMP0049 is implemented will be mapped to the new process. The only notable impact this would have on any existing modification is where it requires an Impact Assessment which has not yet been requested; for these modifications, the Change Board vote on requesting the Impact Assessment would be performed. Otherwise, the progression of existing modifications would be largely unaffected by SECMP0049. Any new proposals raised after SECMP0049 is implemented would undergo the new process for Draft Proposals.

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8. Working Group Discussions

Timeliness of the process

Progression through the Development Stage

The Working Group discussed the need to ensure the process remains timely, and members were keen not to have unnecessary steps in the process slowing things down. The straw man issued as part of the Section D Review consultation proposed modifications would go to Change Board then Panel before their route was determined (which could include returning to the Change Board for development). Members felt this was an unnecessary step and believed modifications should stay with the Change Board while being developed, and only be presented to the Panel once it was ready to enter the 'formal' process.

As a result, the proposed solution was amended so that Proposers would present their Draft Proposals to the Change Board first, and only once development had been completed would it be presented to the Panel and subsequently progressed as a Modification Proposal. It was agreed that the proposal form needed to be fit for purpose and relevant to the specific part of the process, with a guidance section as well as a clear indication of a timeline for the modification included.

Members believed that this approach would stop modifications from going straight into 'solution mode', by taking a step back and looking at the development and understanding of the issue or defect first. However, Proposers could request their proposals go straight to the Panel for consideration (e.g. if they had already been discussed and developed by another Sub-Committee), though the Panel would have the ability to send such proposals back to the Change Board for further development if they felt it wasn't clear, or if a review by the Change Board would negate the need for the Refinement Process.

The Working Group believed that introducing such a step into the process sounded like it would lengthen the process, but in practice it should shorten it. There have been several modifications recently progressed to the Refinement Process for several months to complete some clarification work. Under the proposed process, that clarification could be completed by the Change Board in a single meeting, allowing the Panel to then progress the modification directly to the Report Stage. Members stressed that communication of this point would be key to ensure the full benefits of SECMP0049 are realised.

Changes to the Change Board voting stage

The Working Group also noted the recent example of SECMP0029 'Business Continuity and Disaster Recovery Testing Amendments' being sent back by the Change Board to the Panel solely to seek clarification on the legal text. The Working Group initially felt it would be prudent to allow the Change Board to make material changes to the legal text during the Report Stage, as long as such changes are only to ensure the solution is clearly and

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unambiguous documented in the legal text and that the changes are subsequently re-consulted on before the Change Board votes on the modification. This would reduce the time needed where the clarity of the legal text is the only issue the Change Board raises prior to its vote.

Following the Working Group Consultation, some Working Group members raised concerns around this point. They believed that only minor changes to the legal text, such as spelling amendments should be allowed, with material changes needing to be sent back as per the current process. However, members felt this should never be needed, as if enough work is done in the initial Draft Proposal stages and enough information gathered during the Refinement Process, it is unlikely that material amendments will be needed at the Modification Report Consultation stage.

It was ultimately decided that the Change Board's ability to make material changes to the legal text be removed from the solution.

Following this discussion, one member highlighted that there can be up to four weeks between the Change Board vote to send a Modification Report back to the Panel and the Panel considering this recommendation. They believed it would be more efficient for the Modification Report to be returned directly to the Working Group, as this would allow the work to commence faster.

A concern was raised as to whether this would remove a check and balance, if some Change Board members voted to send a Modification Report back as a filibustering technique. The Panel is also responsible for determining when a modification is ready to proceed to the next stage; it was queried whether it should also remain responsible for determining if the modification needed to go back a step.

The Proposer was not supportive of this alternative solution. Although they understand the logic in it, they highlighted that the Panel has oversight of all change, including overall timelines and priority. They don't anticipate that a modification going to the Panel before being sent back to the Working Group would add that much time to the process, considering that it could take much longer for a Working Group to be reconvened. If there is ever a modification that needs to urgently go back to the Working Group, the Panel would be able to schedule an ad-hoc meeting or meet ex-committee to discuss the recommendation whilst SECAS makes arrangements for the Working Group to meet.

Members noted these concerns, but felt the efficiencies this would bring would outweigh these drawbacks. They therefore elected to raise this option as an Alternative Solution, whilst the Proposer chose to leave the Proposed Solution unchanged from the current arrangements.

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The Change Board's role

The Working Group noted that the Change Board doesn't currently have a large amount of responsibility, which means many members only join the meeting by teleconference and debate on a modification is difficult. Members considered that more responsibility regarding the Modifications Process should be given to the Change Board from the Panel. They also noted concerns raised by the Panel of having further separate Sub-Committees set up, and the Panel's preference that the Change Board be better utilised for the Development Stage.

A suggestion was put forward that Change Board and Panel meeting dates should be better aligned, with the Change Board managing the end-to-end process. This would involve knowing and clearly defining timescales of all modifications, being fully informed on their progress, planning appropriately and prioritisation. The Panel would then serve as an escalation point. However, it was agreed that the Panel would retain its current responsibilities for overseeing the modifications process.

The introduction of a Change Sub-Committee was suggested during Working Group discussions and incorporated into the legal text as an option. Several members believed that having a separate body, such as a 'Change Sub-Committee', manage the work under the Development Stage and the Change Board retain its role as a voting body would be better, noting concerns around self-review (i.e. the Change Board making changes to and subsequently voting on the same modifications). A suggestion was made to split the Change Board agenda between the two areas (voting and development), which could potentially create some form of separation between interested members.

The legal text has been drafted to introduce the concept of a 'Change Sub-Committee' to discharge the activities of the Development Stage, but with provisions that this responsibility could be allocated by the Panel to an existing Sub-Committee rather than set up a new body. It is expected that upon implementation of this modification, the Panel will invoke this Section D2A.2 of the legal text and allocate these activities to the Change Board. This will also future-proof the solution, should it be felt later on that separating the two areas into separate groups would be beneficial.

The Development Stage

The Working Group agreed with the proposal that an initial discussion phase, known as the Development Stage, should be introduced into the modification process. This stage could eliminate the need for the Refinement Process, with only complex modifications or those impacting DCC then needing Refinement. It would also help more clearly define what the modification is seeking to achieve, which will allow a Working Group to begin assessment and development of proposed solutions much quicker. They also agreed that there needs to be clear definitions of both processes to avoid any overlaps and duplication of effort.

Members also noted that, due to the current layout of the modifications process, a Party's views from consultation may come too late to have any impact on the modification. It was

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suggested that Industry engagement be sought earlier in the process, during this Development Stage, to prevent modifications that have no buy-in from progressing or to raise any areas for consideration or potential solution options up-front. To ensure greater analysis, it was suggested that a Request for Information (RFI) could be issued during this Stage if the Change Board felt it would be useful, or that it could set up separate 'Issue Groups' to look at more complex Draft Proposals (equivalent to what SECAS would do now if an Issue was submitted).

The Change Board's Terms of Reference

Regarding the Change Board Terms of Reference, the Working Group agreed that the voting provisions should stay in the code, as opposed to being pulled out and established in a separate document. However, it would be beneficial if the Change Board's responsibilities regarding the Development Stage were drawn out in the separate terms of reference document that already exists for the Change Board. The Working Group also agreed that any decisions made on the progression of Draft Proposals should be informal because the Panel will still have the final say; as part of this, the Change Board would be able to give general views for the Panel to consider. It was also suggested that the Change Board should be able to propose to the Panel any grouping of similar modifications, e.g. through parallel progression through the process and consideration by a joint Working Group.

Stalling modifications

SECMP0049 originally proposed to introduce a mechanism where the Panel could close a Modification Proposal that was stalling and not going anywhere. The Section D Review consultation responses stated that if the Panel was given such powers, this would need to be clearly explained.

However, the Working Group agreed that the Proposer should always have the final say on whether a modification should be withdrawn, and believed that with all the other changes being proposed under SECMP0049, this power would never be required. It was therefore agreed to remove the suggestion where Panel could close stalling modifications from the proposed solution, which the Proposer agreed with. However, it was agreed that the Panel should have the authority to send a Draft Proposal back to the Change Board if it felt it was not ready to progress to either the Refinement Process or the Report Phase.

Requesting Impact Assessments

The Working Group agreed that the avoidance of high costs is a key factor. It agreed with the suggestion in the straw man solution that the Change Board should vote formally on whether a modification goes for Impact Assessment. If the Change Board did not believe the modification was ready for Impact Assessment, members believed that the Change

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Board's rationale for that decision should be sent back to the Proposer for consideration. They could then either develop the change with the Working Group further, withdraw the modification, or appeal the decision to the Panel. If the Panel then also disagreed that the Impact Assessment should be requested then the further work required would need to be completed by the Proposer and the Working Group before the request was resubmitted.

The Working Group noted that, currently, it is unclear who 'holds the pen' for signing off the costs of an Impact Assessment, and concluded that this would appear to be the individual Working Groups requesting these. By having the Change Board vote beforehand, this would ensure there was a clear body signing off the costs incurred by the industry when requesting an Impact Assessment. In this instance, the Panel would act as an escalation point.

The Working Group noted SECMP0041 'Amending the Change Board decision making rules for Modification Proposals' currently going through the Modifications Process, which is proposing changes to how the Change Board votes on modifications. Members believed that, while a Change Board vote on requesting the Impact Assessment should be a formal one using the mechanism laid out in Section D8, it should not be subject to the industry voting process proposed by SECMP0041, as this would add unnecessary time and effort into the process.

Members noted that Ofgem had commented during the Section D Review workshop that they would likely consider a Modification Report submitted to them without the Impact Assessment completed to be incomplete, and would therefore send this back to the Panel. The Working Group acknowledged this, and believed that if neither the Change Board nor the Panel believed the Impact Assessment should be requested, this should be taken as a clear indication of the progress made with the modification proposal that the Proposer needed to take on board.

The Working Group originally proposed that if the Change Board and the Panel rejected an Impact Assessment request and the Proposer disagreed, then the modification would proceed on to decision without the Impact Assessment. However, following comments received in the consultation, it was decided that the solution would be amended so that if the Change Board and the Panel both rejected a request for an Impact Assessment, the Proposer would have to either return to the working Group to resolve the outstanding areas or withdraw the modification. Proceeding without the Impact Assessment would not be efficient given the risk of an Authority Send-Back.

Post Implementation Review

The Working Group agreed that 12 months after the implementation of this modification, a post implementation review should be undertaken to monitor how successful the changes have been and how it has improved the overall change process. Following this review,

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further tweaks to the process may be identified as being beneficial. Points that the Working Group noted should be covered in this assessment are:

- To look at whether fewer modifications undergoing the Refinement Process, and whether those that do are proceeding quicker than currently;
- Comparing the overall progression timetables of modifications raised post-implementation to those raised prior to implementation of SECMP0049;
- Assessing how clearer the defects provided for Modification Proposals are following their development as a Draft Proposal and whether the issues are better understood as a result of this work;
- Looking at how responsive the industry has been to any requests for information issued by the Change Board during the Development Stage;
- The outcomes of the pre-Impact Assessment votes and whether the Proposer took feedback on board where the Change Board voted not to request the Impact Assessment;
- Seeking feedback from Proposers using the new process on how useful they found the support from the Development Stage and whether they felt they got enough guidance up-front to help shape their proposals (views should be sought particularly from those who had raised modifications under the existing process);
- Seeking feedback from the Change Board members on how they have found the new responsibilities and whether having the Change Board be involved in the Development Stage and the final vote is working;
- Reviewing the paper deadlines and the need for efficiency between Panel and Change Board meeting dates. The Working Group suggesting that the review look at the time between meetings and the efficiency of this (e.g. where the Change Board determines a Draft Proposal is ready to go to Panel for consideration); and
- Whether the proposal form is fit for purpose.

It was also agreed that during this post implementation review, it would be beneficial to gather feedback from Change Board members and Proposers to find out their general views on the new process.

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9. Working Group Conclusions

The Working Group's **unanimous** view is that SECMP0049 better facilitates General SEC Objective (g) and should be **approved**. The majority view is that the Alternative Solution would be better than the Proposed Solution.

Benefits and drawbacks of SECMP0049

The Proposer and the Working Group have identified the following benefits and drawbacks related to SECMP0049:

Benefits

- The modification process will be made more efficient and ultimately shorter. Although the process may seem longer on paper, the Working Group believes that many modifications will progress more quickly than currently. An assessment of a new proposal by the Change Board at the beginning of the process could negate the need for that modification to undergo the Refinement Process and instead proceed directly to the Report Phase, ultimately shortening the process by several months.
- There will be clarity around the role and responsibilities of the Change Board, who would have a greater level of involvement in the process.
- There could be a reduction in unnecessary costs associated with IAs if some modifications with DCC System impacts are identified earlier in the process as being unlikely to be approved and so withdrawn before reaching this step in the process. This would allow for a rationalisation of DCC workload, allowing it to focus on modifications with greater chances of success.
- There would be better identification early on of modifications that are unlikely to be successful, which in turn would save SECAS, DCC and industry resources and effort on progressing such modifications.
- By taking a more holistic view of modifications earlier in the process and the likely targeted implementation date each could achieve, there would be more clarity and better scheduling by requesting DCC Assessments closer to relevant release dates.
- The Development Stage would allow for early input by Parties of potential issues and alternative options, to ensure that they can provide input at the correct time, thus giving better modification visibility.
- Completing assessments of 'smaller' modifications during the Development Stage would reduce number of modifications that need to undergo a Refinement Process, thus reducing the number of Working Groups needed. The Working Group believes only DCC-impacting and more complex governance modifications would require

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their own Working Groups. This would allow for a more efficient use of the Refinement Process.

Drawbacks

- There was a concern that the Change Board could have an excessive workload following the implementation of this modification, and that the right members would be needed for this due to the increased responsibilities of the role. The Working Group notes that the next scheduled Change Board member elections would commence around the time the decision on SECMP0049is expected, and so the nominees for seats could be selected based on whether SECMP0049 is approved or rejected.
- Changing culture. The Working Group believes that the changes being proposed by SECMP0049 and the benefits it would bring needs to be communicated carefully to promote these new changes and reinforce the benefits. Without this, there is a risk that the benefits of these changes are not realised.

Views against the General SEC Objectives

Objective (g)[2]

The **majority** of the Working Group, including the Proposer, believes the modification facilitates SEC objective (g), to facilitate the efficient and transparent administration and implementation of the Code.

Introducing a 'pre-modification process' will better enable potential modifications to be assessed prior to entering the formal process. Part of this stage will be to consider the merits of the change. This will improve efficiency by reducing the number of modifications with little chance of success from undergoing a full assessment, incurring the corresponding SECAS and industry time and resource, which would allow this to be focused on modifications with a greater chance of success. Early consideration of the modification by the Change Board will also support drawing out up-front the areas that will need to be considered by the Working Group as the modification progresses, allowing the Panel to set more effective timetables.

One Working Group member was neutral on whether SECMP0049 would better facilitate the objectives, as they felt there were several other ways that the changes to the process could be made.

The Proposer is not in support of the Alternative Solution, believing it to be less efficient due to it removing a check and balance from the process, and therefore does not feel it better facilitates any of the SEC Objectives.

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

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The majority of the Working Group believes the Alternative Solution to SECMP0049 better facilitates SEC Objective (g) as this would improve efficiency in the process. Avoiding the Panel step will allow for a more efficient process and enable further work to carry on without waiting for Panel to provide their views, which can take up to four weeks after the Change Board vote. Some members were neutral in their views to the alternative solution better facilitating SEC objective (g) as they were not clear as to whether this course of action would transpire as planned, and were exercising a 'cautious neutrality'.

For the avoidance of doubt, the Working Group believes that SECMP0049 is neutral against all other Objectives.

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10. Panel discussions & conclusions

Panel discussions

The Panel considered the two solutions that had been put forward under SECMP0049, and in particular the Proposer's view as to why Panel oversight should be retained should the Change Board elect to return a Modification Report for further clarification. Members noted that the decision to send the report back to the Working Group may not be the right decision, or that in some circumstances the Working Group may not be best placed to resolve the queries raised by the Change Board. In these instances, returning the Final Modification Report to the Panel first for its input, as currently happens, would be the better option. Members also agreed with the Proposer's view that if a send-back needed to be resolved urgently then the Panel could convene an ad-hoc meeting to discuss the recommendation. One member also considered that this particular step in the process had not been flagged as an issue under the Section D Review. Overall, the Panel agreed with the Proposer's views that the Proposed Solution would be better than the Alternative Solution.

Panel conclusions

The Panel **unanimously** agree that due process has been followed and that SECMP0049 should progress to Modification Report Consultation.

The Panel also agreed that SECMP0049 is a Path 2 'Authority Determined' Modification Proposal and that the draft legal text changes to the SEC deliver the intention of the modification.

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Appendix 1: Assessment of recent modifications

During the first Working Group meeting, the status of recent modifications was given and how potential progression could have been under the revised process was discussed.

Mod	Actual progression	Possible progression under revised process
40	SECMP0040 was progressed directly to the Report Phase as it had been discussed and developed by the SSC.	As SECMP0040 had already been discussed and developed by the SSC, it would have gone directly to the Panel and progressed directly to the Report Phase.
41	SECMP0041 was progressed to the Refinement Process, where the Working Group spent time discussing the scope and potential solutions of the modification.	SECMP0041 would have gone to the Change Board who could have helped shape the scope of the modification. It would then have gone to the Refinement Process, with the Working Group immediately developing and assessing solutions.
42	SECMP0042 was discussed by the SMKI PMA before being raised, but as it required DCC Assessments to be completed it was progressed to the Refinement Process.	As SECMP0042 had already been discussed and developed by the SMKI PMA, it would have gone directly to the Panel, but would still have gone to the Refinement Process for the DCC Assessments to be completed.
43	SECMP0043 was progressed to the Refinement Process to answer questions raised by the Panel. Several months had been spent focusing on the modification's proposed solution before a quorate Working Group was finally formed, who then took a step back to focus on the underlying issue.	SECMP0043 would have gone to the Change Board to discuss the scope and underlying issue the modification. This would have allowed a more appropriate solution to be developed sooner. Depending on the outcomes of the Change Board's debate, this could either have undergone a much shorter Refinement Process or proceeded directly to Report Phase.
44	SECMP0044 was discussed by the SSC before being raised, but as it required further solution development it was progressed to the Refinement Process.	As SECMP0044 had already been discussed and developed by the SSC, it would have gone directly to the Panel, but would still have gone to the Refinement Process for solution development to be completed.
45	SECMP0045 was developed by SECAS and DCC prior to being raised, and was progressed directly to the Report Phase. Parties have commented that they were not suitably consulted on this modification.	SECMP0045 would have been presented to the Change Board, who would have been able to comment on the initial legal text drafting. A Working Group formed of appropriate experts could then have been formed in the Refinement Process to finesse the text as required.
46	SECMP0046 has been progressed to the Refinement Process, which is expected to last for at least two years. Questions still	SECMP0046 would have been presented to the Change Board, who may have spent some time discussing and confirming what the

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Mod	Actual progression	Possible progression under revised process
	need to be answered around the exact scope of the solution.	modification is seeking to achieve. Once it had confirmed this, the modification would have proceeded to the Refinement Process for solutions to be developed and assessed.
47	SECMP0047 was raised following the Panel's discussion of the defect at its previous meeting, and proceeded directly to the Report Phase.	As the Panel had already discussed the modification and determined it was required, the modification would have gone straight to the Panel and progressed to the Report Phase.
48	SECMP0048 was progressed to the Refinement Process to provide a sanity assessment of the solution. However, there has been little interest in the modification as participants believe it a sensible change and don't believe they need to attend a Working Group to confirm this. The Panel is now progressing this modification directly to Report Phase.	SECMP0048 would have been discussed by the Change Board, who would have provided this sanity assessment, allowing the Panel to send this directly to the Report Phase.
49 50 51	The modifications were developed through the Section D Review before being raised, and progressed to the Refinement Process for development and assessment.	As these had been discussed and developed through workshops, replicating the input the Change Board would have provided, they would have gone straight to the Panel and sent into the Refinement Process.
52	SECMP0052 was progressed directly to the Report Phase as it had been discussed and developed by the SMKI PMA.	As SECMP0052 had already been discussed and developed by the SMKI PMA, it would have gone directly to the Panel and progressed directly to the Report Phase.
53	As part of their proposal, the Proposer is seeking views on what Service Requests should fall within scope of the solution, which will be identified by the Working Group during the Refinement Process.	This modification would have gone to the Change Board, who could have assessed the Proposer's request and issued a request for information to seek industry views and input up-front. This would allow the Working Group to focus on assessing the agreed solution during the Refinement Process.
54	The Panel has raised serious concerns with the proposed scope and solution of the modification, and has asked the Proposer if they wish to proceed in light of these views. If the Proposer does, this will enter the Refinement Process.	The Proposer could have discussed their proposed solution with the Change Board while in draft form, and judged the mood of the industry up-front before proceeding with a formal Modification Proposal.
55	The Panel has submitted SECMP0055 to the Refinement Process, but part of the Working Group's task will be to assess which Issue Resolution Proposals (IRP) should fall under the modification's solution. Those that don't would need to be progressed separately under a new modification(s).	The Change Board could have discussed the list of IRPs and determined up-front how best to batch them into modifications. This would allow these modifications to be raised and progressed together, allowing quicker resolution of the more complex proposals.

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Appendix 2: Glossary

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

Acronym	Definition
DCC	Data Communications Company
DMR	Draft Modification Report
IREG	Issues Resolution Expert Group
IRP	Issue Resolution Proposal
MRA	Master Registration Agreement
MRC	Modification Report Consultation
SEC	Smart Energy Code
SSC	Securities Sub Committee
WGC	Working Group Consultation

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