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Update on enduring Modification and Release activities

1. Purpose

In August 2017, SECAS presented a paper to the Panel outlining concerns regarding the Modifications Process. There were two main issues identified: first, the time required to complete a DCC Impact Assessment; and second, the high costs of both assessing and implementing modifications. It was felt that these issues, if not resolved, would act as a barrier to any change.

Since that time a number of initiatives have been undertaken to try to rectify these issues and introduce a suitable framework into the SEC to allow modifications to be developed and implemented more easily in an enduring regime.

This paper sets out the work that has been undertaken to date, the ongoing work and a high-level set of delivery milestones. The intent is to draw all elements of modification improvements into a single place to provide the Panel with greater oversight and control.

To help make it easier to digest, all the different elements of change improvements have been pulled into three different workstreams:

- The enduring releases framework
- The Section D Review
- Service improvements

The purpose, work to date and future activities for each workstream is set out at a high level below. We intend to present a detailed project plan for each workstream at the December 2018 Panel meeting.

2. The enduring releases framework

At the beginning of 2018 SECAS and DCC drafted the Release Management Policy (RMP). This set out how SEC releases would be delivered in the enduring regime, what information Parties and the Panel could expect and when to expect it. It was based upon the framework in the SEC at the time.

Following the approval of the RMP lessons learnt on the implementation of Release 2.0 have highlighted the need for a better framework within the SEC to provide greater clarity on accountability and responsibility on release activities. This updated framework is being introduced by SECMP0061 'Enduring SEC Release Provisions', which is currently with the Authority for determination; a decision is anticipated by mid-December 2018. If approved, it will be implemented in the February 2019 SEC Release on 28 February 2019.

We are working with DCC to produce a new end-to end-process which will underpin this new framework. The output from this work will be a new set of policies and subsidiary documents which will sit under the SEC and provide robust governance, as well as clarity, around the release process.

The issue of high implementation costs has been a concern of the Panel. The risk of these high costs has also been raised by the Technical Architecture and Business Architecture Sub-Committee (TABASC) and subsequently added to the Panel risk register. As part of developing the new end-to-end process we are not only looking at where we can streamline the process but will also identify the underlying causes as to why the costs are so high. The work to date has been positive and we believe that the new framework will help reduce these costs.

The Panel has agreed to hold an ad-hoc meeting to discuss this issue. The intent was to identify all the causes of high costs and then discuss possible solutions to mitigate the issues and reduce costs. We believe this would be beneficial, but before the Panel meet we need to ensure that DCC has identified all the areas driving cost. We also feel it would be useful if we presented straw man solutions on how we believe we can mitigate these root cause issues to help the Panel discussions.

Walking through the end-to-end process with DCC has already highlighted a number of areas where efficiencies can be gained, and we believe we should be in a position to agree some key principles as part of normal Panel business in December. We should also be better placed to identify any outstanding areas the Panel may need to discuss at a separate meeting and determine if this is still required. We will highlight this as part of the ongoing action plan presented next month.

3. The Section D Review

When discussing the issue of high impact assessment costs and lengthy timetables in August 2017, the Panel noted that it had no direct control over the DCC costs. Whilst it had the ability to question the costs, and potentially delay change, it could not manage the DCC costs like it would with a service provider. Therefore, the Panel agreed that a mechanism should be found to try and limit changes that were unlikely to be approved for implementation incurring unnecessary assessment costs.

The objective of the Section D Review that we initiated at the beginning of 2018 was to put in place the necessary decisions gates, with appropriate checks and balances, to ensure that modifications, in particular those that would incur DCC Impact Assessment costs, were supported and had a good chance of success. This was to be done within the principle of ‘Proposer ownership’ and noting Ofgem’s stance that any Modification Report issued for decision that did not contain full costs would be sent back.

After engaging with the industry via the review, SECMP0049 ‘Section D Review: Amendments to the Modification Process’ was raised by Centrica seeking to introduce such a framework. This modification is currently undergoing Modification Report Consultation and will be issued to the Authority for determination following the Change Board vote on 21st November 2018. If approved, it will be implemented on 28th February 2019 as part of the February 2019 SEC Release.

Furthermore, British Gas raised SECMP0034 ‘Changes to the SEC Section D for DCC analysis provisions’, which introduced timescales for DCC to respond to Preliminary and Impact Assessments, in April 2017. This was implemented on 1st November 2018 as part of the November 2018 SEC Release. In conjuncture with the work we are progressing with DCC on the end-to-end process, this should ensure that we get a speedier turn around for DCC Assessments.

The next steps for this workstream will be to put in place the detailed process steps and governance to enable the SEC changes to be delivered once SECMP0049, if approved, goes live. Work has already been undertaken to agree terms of reference for the Change Sub-Committee, which will oversee the first part of this new governance route, and it is intended to have all necessary steps drafted by the end of December 2018 ready for go-live in February 2019.

At this point the objective of the Section D Review will be complete, as it will have delivered the mechanism to help ensure modifications incurring assessment costs are fit for purpose. We will monitor the process and carry out a review after 12 months to see if it is delivering its purpose.

4. Service improvements

As noted above, the intent of the Section D Review was not to address all issues with the Modification Process but to deliver a mechanism to mitigate, as much as possible, unnecessary spend on DCC Impact Assessments.

We have received some criticism that this review did not go far enough and that we missed an opportunity to fundamentally rewrite the Modification Process. We understand this respondent’s view point, as it probably wasn’t made clear enough the objective of the piece of work at the time. We agree that further work should be done but sought to introduce a framework in the interim that would allow change to progress now, rather than a perfected framework which would take time to properly develop.

As noted, whilst undertaking the review we have identified a number of areas that could be improved, both within the SEC drafting and in the service that we provide. We have also had feedback from Parties that echo those areas of improvements, such as communications, webpages, modification documentation and the format of Working Groups. We know we can provide a better service, and after listening to the feedback we intend to improve what we do and how we do it.

In order to provide transparency and oversight to the improvements being undertaken, we will bring a plan back to the December Panel meeting setting out the areas we are reviewing and what success looks like for each part. The progress can then be monitored by the Panel, either monthly or quarterly as the Panel may wish. We will also publish the plan on the website and engage with Parties so that they are aware of what we are doing and can feed into any parts they feel are relevant to them.

5. Next steps

To provide the desired transparency and oversight we will bring a detailed plan to the December 2018 Panel meeting, highlighting the work being undertaken in each workstream and what success will look like for each element. We will continue to report to the Panel our progress against this plan at regular intervals.

6. Recommendations

The Panel is requested to:

- **NOTE** the contents of this paper.

David Kemp

SECAS Team

2 November 2018