

Centrica's response to Ofgem's Revised OPR Guidance consultation

Summary

We strongly disagree with Ofgem's proposal to decrease the Install & Commission (I&C) performance weighting within the System Performance metric to zero. Removing the incentive on DCC to perform could undermine our performance, whilst increasing our risk and costs. The DCC's I&C performance, and therefore the metric, is key to energy suppliers achieving their fixed installation targets. This will particularly impact suppliers' performance against the end-2024 and 2025 installation targets.

Answers:

1. What are your views on the proposal weighting changes?
 - a. We agree that the that the system performance weighting is reduced by 10% points and contract management weighting is increased by 10% points.
2. What are your views adjusting the weighting of the SRV 8.11 performance measure for the remainder of the interim OPR?
 - a. We strongly disagree with Ofgem's proposal. DCC has not done enough to find a solution to measure its performance against SRV 8.11, which we perceive as poor. One of the reasons for the introduction of SEC Mod 242 was to provide a better indicator for this aspect of performance which DCC has been unable to address adequately.
 - b. For background, we actively monitor SRV 8.11 throughout the day as it's a key indicator of potential issues within DCC's ecosystem, highlighting major incidents quickly. The vast majority of SRV 8.11 messages sent are within DCC's control, with only installer led retries outside of DCC control. These retries could be treated as exceptions, with only the first attempt counted towards the performance measure.
 - c. The proposed change in weighting particularly reduces the incentive on DCC with respect to I&C performance during a key stage of the smart rollout and when its customers have fixed installation targets to meet (or face a penalty).
 - d. MP242 should be accepted by April 2024 and keeping SRV 8.11 in OPR scope at the same level would encourage DCC to deliver against MP242 business requirements and reporting.
 - e. We strongly urge Ofgem to:
 - i. Keep the I&C weighting as is (33% of system performance);
 - ii. give DCC a score of zero for I&C until MP242 reporting for SRV 8.11 has been delivered (note DCC can give priority to SRV 8.11 and deliver this reporting ahead of the other consumer impacting reports for MP242); and
 - iii. encourage DCC to work with energy suppliers and installers to improve performance after SRV 8.11 has been successful, to ensure the whole smart metering system can be efficiently installed and not returned to.
 - iv. For clarity, DCC will be agreeing exceptions to SRV 8.11 performance with energy suppliers, via SEC Ops group once MP242 is delivered.
3. What are your views on the proposed changes to the contract management ToR? Do you agree with our proposals?

- a. Yes, we agree with the widening of the Terms of Reference for the contract management metric; the additions should make the auditors process more efficient.
 - b. We hope the auditor can review smaller contract tenders / extensions, such as the DCC's Service Centre and other Capita services. If not, we recommend these contracts are added to the ToR.
- 4. Do you consider any further changes are required to expand the ToR?
 - a. We believe the scoring system would benefit from one decimal place like Customer Engagement.
- 5. Do you agree with the proposed changes to customer engagement?
 - a. Yes, we agree with the changes proposed to add decimal places to the scoring system. However, we feel that the SEC Panel score should be the only one considered as DCC has a conflict of interest, in keeping its baseline margin rather than a balanced score. It should be noted that DCC is also a member of the SEC panel so can influence the score during those discussions. This is something that should change as a new DCC governance model is developed during 2024.
- 6. Do you think any additional considerations need to be made for customer engagement?
 - a. As above in question 6.

Please do not hesitate to contact me if you wish to discuss any points above.