



## Consultation on Proposals to Revise the DCC Operational Performance Regime (OPR)

### E.ON Response (February 2024)

#### **General Comments**

E.ON welcome the opportunity to comment on the Authority's proposed revisions to the DCC OPR. We view the OPR as a key mechanism to drive best practice and customer focussed behaviour within the DCC. The OPR will have a critical role in the coming years, given the major procurement activities being initiated by the Current Licensee ('DCC1'), and significant transition that will take place between DCC1 and the Successor Licensee ('DCC2'). As such, the review and amendment of the DCC OPR is positive.

#### **Q1. What are your views on the proposed weighting changes?**

While we support the principle behind the amendment, a larger weighting allocation to 'contract management' may be warranted given specific factors.

Recent Regulatory Year DCC Price Control consultations have highlighted ongoing concerns around DCC's adoption of procurement best practice. Even though we fund DCC's activities, DCC Users have limited opportunity to scrutinise the DCC's procurement work and contract outcomes. While E.ON believe that a new SEC Panel Sub-Committee with the vires to scrutinise DCC's procurement and contract activities should be established, the OPR will continue to influence DCC's practices. Increasing the weighting on 'contract management' further, may drive consistent adoption of procurement best practice by the DCC.

Secondly, the potential timescales for the Authority's procurement and appointment of DCC2 means that the incoming licensee will inherit many of the contracts negotiated by DCC1. The significant re-procurement activities (e.g., DSP; CSP-N Extension; FSM; SMETS1 DCO; etc.) currently being progressed means that the procurement practices adopted by DCC1 will influence costs and service levels over the long-term. The impacts of these negotiated costs and service levels are ultimately borne by DCC Users and energy consumers over the longer term. Further increasing the 'contract management' weighting could deliver benefits to energy consumers and DCC Users by encouraging DCC1 to consistently adopt procurement and supplier management best practice.

#### **Q2. What are your views on adjusting the weighting of the SRV8.11 performance measure for the remainder of the interim OPR?**

We remain disappointed that DCC1 is unable to measure its Install and Commission (I&C) performance, particularly after DCC Users and industry stakeholders have offered considerable support to DCC1's investigation and analysis. Ultimately, DCC's end-to-end service plays a significant role in Install and Commission activities, with failures or incidents directly impacting energy consumers.

Looking forward, the DCC's end to end service will play a critical role in the efficient deployment of 4G Communications Hubs from mid-2025 onwards. Suitable metrics to assess DCC's I&C and Trust Centre Swap Out (TCSO) performance must be identified to incentivise DCC1 (and DCC2) appropriately.

At the current time, we reluctantly agree with the adjustment of the SRV8.11 measure for the remainder of the interim OPR. However, E.ON believe that the procurement and appointment of the



Successor Licensee for the Smart Meter Communications License offers a key opportunity to redesign and enforce suitable metrics for the future.

**Q3. What are your views on the proposed changes to the contract management Terms of Reference? Do you agree with our proposals?**

We agree.

**Q4. Do you consider any further changes are required to expand the Terms of Reference?**

We have not identified any further changes.

**Q5. Do you agree with the proposed changes for customer engagement?**

We agree with the Authority's proposal to refine the engagement assessment and introduce three overarching replacement questions.

However, we have concerns that Question 1, and Question 2 outlined in Table 1.3 may not fully evaluate DCC1's engagement approach. Currently, Table 1.3 questions only refer to either "...communicated..." or "...communication...", which implies that DCC can adopt and be assessed on a one-sided form of dialogue with DCC Users (e.g., notification-based communications).

Engagement is different and would mean that DCC1 must demonstrate that it has sought to establish a two-way dialogue with DCC Users. This means that the DCC would have to communicate its ideas or proposals, proactively engage DCC Users to seek their feedback and input through different channels, and then also act on the DCC User feedback it receives in a timely way.

On this basis we propose that the Table 1.3 questions should be subtly amended as follows:

- Question 1: "Has the DCC communicated and engaged with its customers at appropriate times to seek their views, allowed sufficient time for customers to provide feedback, and provided timely updates on its activities...?"
- Question 2: "Has the DCC's communication and engagement approach with its customers been tailored to the relevant audience, timed appropriately to enable the audience to understand the issues to act on, and allowed sufficient time for the audience to provide feedback...?"

**Q6. Do you think any additional considerations need to be made for customer engagement?**

As preparations for the licence and service transition from DCC1 to DCC2 progresses, further customer engagement considerations may need to be included in the OPR Assessment Criteria outlined in Table 1.3. We anticipate that relevant changes will become apparent as the Authority's procurement activity and DCC1's Business Handover Plans both progress.