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6 May 2016

DCC Operational Performance Regime: Principles and Objectives

EDF Energy is one of the UK's largest energy companies with activities throughout the energy chain. Our interests include nuclear, coal and gas-fired electricity generation, renewables, and energy supply to end users. We have over five million electricity and gas customer accounts in the UK, including residential and business users.

We welcome the opportunity to comment on the Final Proposals for DCC Operational Performance Regime (OPR) Consultation, and are supportive of Ofgem's approach in setting the scope of the OPR.

We remain committed to the DCC and the benefits that it will bring through providing a common, secure interface between Suppliers and enrolled smart meters. This will ensure that customers can benefit from a seamless smart service from all Suppliers, whilst having confidence in the DCC provision of secure data and their smart metering systems.

As the industry moves from the foundation stage, through DCC go-live and into the ramp up period, we will be increasingly reliant on the DCC to meet our regulatory obligations and deliver a good customer service. Indeed we believe that the performance of DCC in terms of customer experience of smart metering installation and accuracy of information displayed on the In Home Display (IHD) could have a significant impact on the success of the smart meter rollout. As such, we believe it is an opportune time to review the DCC Operational Performance regime to reflect the forthcoming transition from design to operational delivery.

We are generally supportive of Ofgem's approach to ensure that the DCC is responsive to User needs and flexibility in meeting Users evolving priorities. We also support DCCs belief that OPR should be output focused and that credible, achievable but stretching targets, must be set for the DCC in order to drive performance.

We suggest that in the early days of DCC Go-Live there should be only one or two incentive mechanisms in place which will drive focus on performance being achieved in key areas. These mechanisms could include both upside and downside incentives and penalties. The initial incentive mechanisms should be based around:

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1. Installation and Commissioning – first time installs and accuracy of WAN Coverage. Our own experience of SMETS1 installations are that customers' place significant emphasis on installations being quick and successful. If we are to maximise the rollout of smart meters to GB then we must ensure that customers do not perceive installations to be lengthy, unsuccessful and with no benefit to the customer at the end. As such, we believe one performance metric must be around maximising the number of first time installs and minimising the commissioning time.
2. Change of Supplier – ensuring that enrolled meters switch to the new supplier seamlessly.
3. DCC Users Customer Satisfaction – Are DCC providing a good service to their customers – DCC Users? Are they delivering the service that DCC Users request and not what DCC believe they require? This could be achieved through Industry surveys similar to the one used within RIIO settlements or employed by SECAS.
4. Minimise the use of external aerials; particularly the Telefonica T3 SKU aerial which requires a connection to the fabric of buildings. This would be a poor customer experience and extremely difficult to achieve, particularly for listed buildings and in areas of outstanding natural beauty. DCC should be incentivised to minimise the use of these aerials.

We look forward to contributing our views, anticipating that they will form part of the next phase of consultation, whether through bilateral engagement or workshop over the summer

I confirm that this letter and its attachment can be published on Ofgem's website.

Should you wish to discuss any of the issues raised in our response or have any queries, please contact Ashley Pocock on 07875 112854, or myself.

Yours sincerely



Paul Delamare
Head of Customers Policy and Regulation

Attachment

DCC Operational Performance Regime: Principles and Objectives

EDF Energy's response to your questions

Q1. Do you agree with our approach to apply the OPR (Operating Performance Regime) to core smart metering activities only?

We are supportive of Ofgem's approach to apply the OPR only to core smart metering activities in the early operating phase. This should ensure the DCC is not deflected from providing a stable service to Users and their customers. We accept in the early operational days activities such as Enrolment and Adoption would be a distraction.

We agree this approach will also allow for the possibility of incentivising the DCC for one off activities in a bespoke manner rather than forming part of OPR. However, although there is a financial incentive for the DCC to carry out these activities they must be tightly managed to ensure the DCC remains focused on providing smart metering core services.

Q2. Do you agree with complementing the OPR with further reporting in order to provide transparency and potentially form the basis of future OPR metrics?

We agree with complementing the OPR with further reporting in order to provide greater transparency and potentially form the basis of future metrics.

Any new metrics must provide value and not only replicate or complement measures already contained within the OPR or the Code Performance Measures defined in the SEC.

These additional metrics should include:

- Installation and Commissioning – first time installs and WAN Coverage.
- Change of Supplier – a seamless and effective change of supplier process will be a key driver for customer satisfaction in regards to smart metering.
- DCC users and consumer satisfaction measures – Are DCC providing an efficient core and consumer services. Measures should be developed in order to find whether DCC users and customers are receiving an appropriate level of service. Is the DCC delivering the service that users request rather than what DCC believe they require? This could be achieved through Industry surveys similar to the one used to measure RIO.
- Minimise the use of external aerials; particularly the Telefonica T3 SKU aerial which requires a connection to the fabric of buildings. This would be extremely difficult to achieve, particularly for listed buildings and in areas of outstanding natural beauty. DCC should be incentivised for the reduction in the use of these aerials.

Q3. Do you agree with our proposed principles for developing the OPR metrics?

We agree with Ofgem's proposed four principles contained within the consultation for developing the OPR metrics.

1. Responsive to User Needs
In order to facilitate effective services, it is essential the DCC delivers their Users' requirements' as opposed to their own. These should be measured on a qualitative as well as quantitative basis.
2. Flexible
We accept priorities change over time; however, any flexibility should be managed in a cost effective manner. Once again it is pivotal that the DCC response is in line with Users and consumers requirements when adapting to changing circumstances.
3. Output Focused
The DCC's success as well as our own will be measured on the number of smart meters successfully installed and commissioned and which can be communicated with. A performance regime which reflects this accurately and effectively would seem appropriate.

In the delivery of best outcomes for consumers the DCC must liaise closely with the SEC Panel and Users before defining mutually beneficial priorities.

4. Clear and Credible
In order to add value all performance measures must be both clear and credible. Without sufficient transparency and reporting that they can verify to be accurate, DCC Users may lose trust in the performance regime. We agree that by setting inappropriate performance targets the DCC would not be incentivised to deliver.

Q4. Do you agree with our proposal to prioritise the Service User and Service Delivery measures only in the immediate term?

We agree with Ofgem's proposal to prioritise the Service User and Service Delivery measures only in the immediate term. We believe that in the initial rollout post DCC Go-Live we are totally dependent upon the quality of the core DCC services to meet our rollout targets, and deliver smart metering services to our customers.

Until the provision of DCC services stabilises, longer term measures such as value for money and development and improvement will not be a priority for DCC Users, or their customers.

Q5. Do you have views on how DCC's operational performance can be measured without a baseline to compare it to?

We believe the Performance Baseline should reflect an agreed acceptable standard that enables users to meet their customer's expectations. For example, 80% first time installs could be regarded as a minimum acceptable baseline at Go-Live. As stated in the consultation, incentives should be based upon continuous measurable improvement

closely monitored and increasing over time. 80% first time connectivity will not continue to be an acceptable baseline in 2020.

Q6. What specific metrics do you think will drive good consumer outcomes under each measure if incentivised?

We agree with the three measures outlined in section 3.8 which are a good example of qualitative as well as quantitative measures.

In addition to these Ofgem should consider metrics such as:

Service User

Minimise the use of external aerials, particularly the Telefonica T3 SKU aerial which requires a connection to the fabric of buildings. This would be extremely difficult to achieve, particularly for listed buildings and in areas of outstanding natural beauty. DCC should be incentivised by the amount of reduction in the use of these aerials.

Accuracy of WAN coverage is essential if users are to minimise visits to consumers' premises.

Change of Supplier will be a critical event for DCC Users (especially suppliers and their customers) once the meter has been installed and commissioned. A metric that enables the success of the process to be assessed, which might rely on feedback or reporting from DCC Users should be considered.

Service Delivery

Examples of additional performance measures could include close monitoring of:

- The total number of defects identified within each Release following implementation.
- The length of time to exit any post implementation storm period.

Q7. What other metrics do you propose DCC should report on as part of wider reporting and / or which could become part of the OPR in the longer term?

Value for money

We are fully supportive of the measures outlined in the consultation. We do; however, share your awareness of the limitations of the ex post regime and agree with your suggestion regarding future focus and the value for money.

We are also in agreement with your belief that it is not suitable to add further incentives on the value for money measure in the short term, over and above the arrangements measure in the current price control.

With regard to point 3.20, we are strongly of the opinion that it is proportionate to introduce both incentives and penalties for performance measures and suggest this could be achieved through further consultation with all stakeholders.

We support your examples for development of a robust business plan and management of external costs.

In addition, we are fully supportive of Part D: Development and Improvement measure. In particular, the reporting of metrics that could be included in the DCC Annual Service report, enabling performance to be baselined and for metrics to be financially incentive through the OPR in future, if appropriate.

Development and improvement Measures

With regard to its CSP Service Providers, the DCC should focus its attention on reduction of the number of premises where WAN coverage will not be in place before 2020.

Q8. Are there any other points we should consider when designing OPR?

When designing an OPR regime, Ofgem should be fair, recognise what is in DCCs reasonable control, and incentivise the right behaviours such as continuous improvement, aiming for the best practice at all times in its services to DCC Users and consumers.

The OPR regime should also ensure that the performance measured by the OPR regime is reflective of the real world experience of DCC Users. If Users are not able to reconcile the performance reported by the OPR with their own experience of using DCC's services, this will result in a lack of trust and will undermine the regime.

EDF Energy
May 2016