

12th January 2017

Robyn Daniell
Ofgem
9 Millbank
LONDON,
SW1P 3GE

Dear Robyn,

Final Proposals for DCC Operational Performance Regime

British Gas' response to DCC operational performance regime final proposals is non-confidential and may be shared on your website.

We disagreed with Ofgem's final proposals and remain disappointed that Ofgem have chosen to overlook the needs of prepayment customers within the OPR and add weight to the Service Level Agreement (SLA) scheme at the potential detriment to prepayment consumers.

Customers who prepay for their energy will have expectations for the time it takes to top up their meters and receive energy. With the current 'dumb' and foundation smart meters, the time taken to vend and receiving energy is approximately [xx] minutes. If the DCC cannot meet the same time scales then customers and energy suppliers will be impacted. It is particularly important that vend times are monitored during cold snaps and/or the height of winter to ensure customers remain safe and warm.

We are concerned that adding further emphasis on certain areas of the DCC's operation will encourage the DCC to de-prioritise areas or manipulate the rules to achieve the success criteria. Examples are provided in the answer to question 1 in the appendix below.

Ofgem should be wary of using the DCC's current performance as a basis for setting the levels for the interim regime, particularly as the current performance of the DCC (delivery and quality of Comms Hubs) has been very poor. We believe that very few installations of SMETS2 devices will occur prior to April 2017 and certainly not in time to aid Ofgem's view of DCC's performance. Therefore we urge you to use a target level which sets a reasonable level for the DCC to achieve, not based on initial performance. We believe a reasonable level for interim performance would be 80% of minimum requirements.

We have answered the specific questions in your consultation in the appendix. Please do not hesitate to contact me on the number below, if you wish to talk through in detail.

Yours sincerely,

[via email]

Simon Trivella
Regulation Manager – Smart Metering & Code Governance Reform
British Gas
07769 547123

Appendix: Answers to consultation questions

1. *Do you agree with our proposed measures and weightings, and proposal that the performance levels for each measure should be consistent with the SEC and SP contracts in the enduring regime?*

No. We are concerned that adding further emphasis on certain areas of the DCC's operation will encourage the DCC to de-prioritise areas or manipulate the rules to achieve the minimal success criteria. For example;

- Incidents outside of SLA will be ignored / forgotten and leave customers with defects that are never resolved. We experienced this scenario in the new connections service from Transco¹ where outside SLA processes and therefore customers were filed and never completed.
- Reopening incidents will not be straight forward and the DCC may raise new incidents instead, particularly for re-occurring incidents, thereby manipulating the performance reporting.
- Incidents could have their severity categories downgraded if they prove too hard to complete, giving the DCC longer to resolve within target timescales.
- Resolvable incidents might become problems to extend the completion time and increase the manual workarounds within DCC Users' processes, adding complexity and creating inaccuracy.
- A Network Enhancement Plan (NEP) could be published (in the 30 day check window) in an area where WAN is proven to be limited, giving the DCC's Service Providers longer to resolve, whilst impacting significantly rollout plans and Energy Supplier Obligations.

We urge Ofgem to develop the performance regime and reporting that enables the Authority and DCC Users to monitor the tactics above, rather than needing a wholesale change to the regime as it's not being fit for purpose. Having witnessed poor performance from Transco and working hard with the industry to improve their Standards of Service, we, collectively, have learnt many lessons that are valuable to the DCC OPR.

2. *What are your views on our proposals for the interim regime?*

Ofgem should be wary of using current performance as a basis for setting the levels for the interim regime, particularly as the current performance of the DCC in the delivery and quality of Comms Hubs has been very poor. Our Telefonica delivery due in December 2016 was deferred to early 2017 due to a manufacturing fault and the Arqiva delivery again for December 2016 had numerous issues;

- The advanced shipment notification (ASN) which should be issued 2 working days before delivery arrived 2 working hours before delivery, impacting our time to load and test the data.
- The production Comms Hubs bar codes do not scan reliably, following a change to the engraving tool used by EDMI for Arqiva and the shiny finish of the Comms Hub casing.
- The firmware delivered on the Arqiva Comms Hubs had not passed System Integration Testing, therefore rendering the Comms Hubs useless.

We urge Ofgem to use a target level which sets a reasonable level for the DCC to achieve not based on initial performance. We believe a reasonable level for interim performance would be 80% of minimum requirements.

3. *What proportion of its margin should the DCC be able to retain for reaching minimum performance levels in the enduring regime?*

¹ <https://www.ofgem.gov.uk/sites/default/files/docs/2004/04/6753-improvingtranscodocvers7.pdf>

We believe that the DCC needs a strong incentive to reach at least the target level of performance and therefore suggest that between 50-60% of their baseline margin is retained for reaching the minimum rather than target levels.

4. *Do you have any specific comments on the draft direction which will implement our proposals in the supplementary annex?*

We believe that the n_t function should be changed as x_{nt} is already used (to denote the specific performance measure, n and regulatory year, t) and could cause confusion.

We do not understand paragraph 6 on page 3 of the draft direction, should the avoidance of doubt statement refer to formula III rather than II?

Minor point: the TPLI term in table 3 should read $(BM_t + BM_{t-1}) * PMW_{nt}$

5. *Do you have any suggested methodology for the new reporting metrics for the DCC?*

We have concerns about the Performance Measure Methodology that we already raised with the DCC, these concerns include:

- The Target Response Times do not include devices (or User system) just the Comms Hub response, giving a shorter response time than those witnessed by the Users
- The use of pings controlled by the DCC does not convey the size, weighting or time scales that service requests will use
- The DCC could throttle services in order to keep performance targets met rather than invest in further capacity when required.
- Where an installation is aborted the DCC will not be measure, only install and leave incidents, thereby under-measuring the true impact of WAN connectivity on consumers and installers.
- Performance Measure Exceptions List (PMEL) which lists the Allowable Exceptions where the DCC or Service Provider(s) is not accountable of the performance during a specified period of time has been introduced by the DCC into their PMM outside of the consultation process. PMEL could be used to manipulate the performance statistics making the figures very different to Users' experience.²

² See section 4.2 of the DCC's *SEC_H13_PerformanceMethodology_ConsultationSummary_v1.1.pdf*, published on SharePoint 22/4/2016. With further details in the *DCC Performance Measurement Methodology v2.1.pdf*