

12 January 2017



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Sent by email only

Email: louiseporter@utilita.co.uk

RE: DCC Operational Performance Regime: Final Proposals

Dear Robyn,

Utilita Energy Ltd (Utilita) is a leading provider of smart pre-pay gas and electricity, giving households affordable and accessible smart meter services since 2008. We supply approximately 450,000 households of whom the majority have SMETS1 meters installed (as dual fuel installations). Our customers are engaged with their smart metering devices and subsequently their energy usage.

With regards to the recent consultation on the DCC Operational Performance Regime: Final Proposals published 17th November, Utilita Energy has reviewed Ofgem's proposal and would like the following points to be noted.

As per our previous response in May 2016 to the DCC Operational Performance Regime: Principles and Objectives, we are dedicated to providing a service that prepayment customers can reap the benefits from. We will therefore continue to stress that prepayment customers have specific needs which differ from those of credit customers, even more so with smart metering. Prepayment functionality itself has additional layers of complexity which require stringent controls and scrutiny to ensure that the correct levels of service can be maintained for these customers at all times.

Utilita strongly agrees that the OPR should place 100% of DCC's smart meter related margin at risk. Millions of customers will be dependent on the DCC via SMETS2 and SMETS1 (should the Enrolment and Adoption of SMETS1 into the DCC proceed following the recent IEPFR), therefore the DCC should be held fully accountable for any lack of service.

Any disruption to service can potentially lead to a PPM customer being off supply, and currently the DCC has no service measures or prioritisations in place to ensure that PPM supply related issues are resolved as a matter of urgency. As such, we feel it would be appropriate that the DCC should incur financial loss for any poor performance (relating to service management), and potential financial penalties should there be continuing failure.

Our experience of smart metering has proved continued communications availability to the meters is essential to ensure that a PPM customer can top up in a timely manner, for the credit to reach the meter, and for the customer to not go off supply. It is essential that the DCC's SM WAN and general

service level provision are subject to strong and rigorous financial penalties, to ensure continued high levels of service.

Longer term, we propose additional arrangements for continued disruptions to service, which result in additional site visits by supplier engineers. For example, where an engineer has to visit to resolve issues that relate to shortfalls in the DCC's service provision (rather than a meter specific issue), we suggest that these additional costs are passed back to the DCC, possibly including a compensation payment for the customer. To monitor this, we suggest additional reporting is employed to track and trace the number of incidents that result in an engineer attending site due to a DCC service failure. To start with, a shadow log could be used to collate data and shadow payments, which in turn could inform future incentive structures.

Currently there are no SLAs in place which would prioritise a top up request over a scheduled read or other less urgent requests. This could impose significant detriment on prepayment customers who are at risk of going off supply. Utilita has also been informed by DCC that during their annually scheduled Business Continuity Disaster Recovery Testing, there will be a network outage of 4 hours to switch from the live system to the backup system. Following their BCDR testing, two weeks later there will be another network outage of 4 hours to revert from the backup system to the live system.

Any service requests which are sent during the outage period will be lost – this is of particular concern when considering a top up request for a PPM customer. Utilita has submitted three modification proposals to SECAS, which are due to be reviewed in the January SEC Panel to address these issues. The modifications comprise changes to service request priority, forecasting tolerances, and BCDR-related network outages, and set out these issues with DCC's current design.

We have raised these concerns regarding the potential risks to PPM customers once the DCC is live through consultation responses, industry fora, and bilateral discussions without success. We have proposed modifications to the SEC, but DCC has suggested the earliest possible implementation date for any of these modifications is November 2018.

The PPM smart offering via DCC for SMETS1 and SMETS2, both credit and prepayment customers needs to be fit for purpose, provide value for money, and ensure consistent high levels of service availability to the end consumer. We welcome Ofgem's commitment to the OPR regime which we believe can incentivise delivery and penalise DCC for failure.

DCC delays with the programme have led to continuing uncertainty within the industry, and a lack of clarity on the programme which has severely impacted suppliers' ability to plan. While we support the incentives which encourage the DCC to deliver to agreed timescales, we do not support compressed testing timescales and reduced testing criteria (such as emulators being used in place of real meters). We would prefer an approach which ensures that the final solution is thoroughly tested on real meters – this is particularly crucial to the delivery of the prepayment functionality. The experience and knowledge we have gained from our SMETS1 PPM offering, shows the importance of a rigorous test plan which allows sufficient time for the PPM functionality to be proven. The re-plan of R1.3 has reduced testing timescales, and has concluded that emulators can be used rather than meters as the prime evidence for the live decision. We also note that there are no plans for stress testing in volume, which is of concern given this is a monopoly infrastructure that will need to be able to cope with the entirety of GB's smart metering communications.

In our previous response, we highlighted the need for the OPR to address adoption and enrolment to support SMETS1 meters. This is still not covered in this consultation: we believe robust incentives and

penalties are required to ensure delivery of an appropriate, cost effective solution to support the existing estate of SMETS1 meters.

In addition to the shadow log suggested above, we have identified the following additional reporting measures on services that will have a significant impact on prepay customers and their smart metering experience:

1. DCC User Gateway Availability
2. First time WAN connection within 30 days
3. First time WAN connection within 90 days
4. Responsiveness to requests by category within target response times

DCC User Gateway Availability

Suppliers should be able to access the gateway at all times in order to service our customers effectively. This measure is critical in assessing the DCC's service performance.

First Time WAN Connection within 30 days/ First Time WAN connection within 90 days

Unlike some SMETS1 meters which possess an integrated keypad, the SMETS2 meters that are currently available do not have this functionality. As such, PPM customers will have to rely on keying in the UTRN via their PPMID should their top-ups not be credited automatically over the air via SM WAN, or potentially have to manually enter the 20 digit UTRN via the up and down arrow buttons on the meter. This could be difficult depending on the meter location, button size and any special needs the customer has.

Where a PPM customer is left without SM WAN, this automatically gives a poorer experience compared to that of a credit customer. The main detriment that a credit customer may face in this case is an estimated bill which can be rectified, a PPM customer could be left off supply.

Furthermore, PPM customers use this payment mode for several reasons, including managing a variable energy spend and confidence in budgeting for their bills. 30 or 90 days without SM WAN means these customers could be faced with a bill they have been unable to budget for, leaving them with debt and potentially ongoing difficulties.

If DCC does not prioritise WAN or maintenance of SM WAN connections for these customers, it is essential such performance measures are duly scrutinised.

Responsiveness to requests by category within target response times

Top ups, updating debt, and credit/read balance are the main services which underpin the PPM customer experience. Customers with a smart meter expect information to be updated immediately onto their meter. Often, they re-enter UTRN codes directly onto the meter to ensure top ups have been credited if they do not appear immediately.

As set out in our previous submission, SM WAN and service availability are paramount for a smooth prepayment operation. Clarity on the frequency with which DCC will be providing information to Ofgem on their performance is needed. We would welcome Ofgem's commitment to publish information to industry at the same level of granularity, to give suppliers additional transparency.

We support the customer satisfaction metric to incentivise DCC to focus on user experience and therefore consumer experience, and agree with Ofgem's view that the OPR should remain flexible so that incentives can be adjusted.

We hope Ofgem will consider amendments to the 2018 enduring OPR based on DCC's performance in 2017, for example, the OPR timeline does not yet include R1.3 which is critical in providing services to those consumers wishing to operate in PPM mode. We also suggest the application of a higher weighting to performance measures which improve customers' chances of remaining on supply, this would be of particular benefit for PPM customers.

Should you require further information relating to any of the points above please do not hesitate to contact myself at the following email address: louiseporter@utilita.co.uk.

Yours sincerely,

By email only

Louise Porter

**Major Projects Manager
Utilita Energy Ltd**