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By email to: robyn.daniell@ofgem.gov.uk and ruth.saunders@ofgem.gov.uk

10th October 2017

Dear Robyn,

Response to the consultation on Ofgem's proposal to modify Regulatory Instructions and Guidance (RIGs) under Part B of Condition 33 of the Smart Meter Communications Licence

Thank you for the opportunity to comment on the proposed amendments to the RIGs to incorporate Ofgem's Operational Performance Regime (OPR) for DCC.

In earlier discussions relating to the OPR mechanism DCC has given Ofgem feedback in relation to the outcome and behaviours that the OPR will drive in the organisation. This consultation response focuses on the technical elements associated with the reporting of DCC performance using the OPR RIGs. Set out below are DCC's comments, which are in addition to those DCC shared with Ofgem on the emails dated the 30 August 2017 and 4 September 2017.

DCC's readiness to complete the OPR RIGs template

As the OPR regime is broadly aligned to DCC's SEC performance reporting, DCC is ready to deliver the vast majority of the OPR data requirements. However, as with any new regime, there are some changes to processes, governance and systems that will need to be implemented to support OPR. This is especially important in the case of governance, given that OPR directly impacts DCC's margin.

There are a three broad areas where more significant development of DCC's reporting capability will be required to support OPR, and I have set the challenges DCC face regarding these in this letter. The areas are: the reporting of volumes used to calculate Service Levels, the development of certain OPR incentivised measures, and the delivery OPR's non-SEC reporting.

Reporting the volumes used to calculate Service Levels

For the SEC Performance Measures, DCC must report on the Service Levels only and is not obliged to report on the volumes that are used to calculate these Service Levels. However in order to assure and manage the DCC Services effectively, DCC has placed a contractual commitment on Service Providers to provide the majority of these underlying values since July 2017. DCC are in the process of building an Operational Data Store (ODS) and reporting capability which enables DCC to track and measure the performance of DCC Services at a more granular level. The OPR requires DCC to widen the scope of this activity and to develop reports and metrics in a format that meets the template design. This work is underway now.

Challenges regarding the development of certain OPR incentivised measures

There are three specific reporting measures in the OPR which require additional consideration and which DCC would like to flag with Ofgem, as follows:

- **SDM1 – DCC WAN coverage:** OPR reporting requires further development,
- **SDM2 – Core service requests:** there are previously known technical challenges and further development required, and
- **SUM2c – Communications Hubs not faulty:** there is a challenge to manage a delay in reporting to fit the OPR timescales.

Further details of each are set out below.

SDM1 - DCC WAN coverage: development

- We have no specific concerns in relation to the coverage element of the SDM1 measure. However, for the Attempted First Time Connections component DCC will need to undertake some further development. For DCC's SEC reporting, DCC does not currently integrate the data needed to calculate the volume of Attempted First Time Connections. In order to report these data to Ofgem, DCC will need to modify internal systems to combine data to calculate the metric.

SDM2 – Core service requests: challenges and development

- Since mid-2015, BEIS, Ofgem and industry have been made aware of the technical challenges faced by DCC in meeting the Target Response Times (TRTs) for certain Service Reference Variants (SVRs) and DCC's ability to measure TRTs as defined. Following conversations with Ofgem and BEIS, a Transitional Variation (TV) to the SEC was introduced on 8 November 2016 amending DCC's requirement to meet a subset of TRTs i.e. Power Outage Alerts and Power Restore Alerts. The TRTs were amended differently for

each CSP in light of their different technological solutions, and the TV is due to expire in October 2018.¹ The TV lengthens the target response time to 180 seconds. Due to its limited scope, as the TV covers only two alert variations, it is DCC's view that the impact on the SDM2 measure is likely to be minimal.

- There are two challenges which will affect DCC's reporting and measurement of the SDM2 measure. These are:
 - the feasibility of the current TRT for all SVRs, given the approved GBCS and the specification of the DCC Systems; and
 - DCC's ability to measure TRTs.

These are covered in more detail below, and include DCC's proposals to mitigate and ultimately address them.

Feasibility of the current SEC performance targets

- The existing TRTs were based on an assumed size and profile for each SVR; this was the basis for the DCC Systems approved solution design. As the GBCS and Service Request detailed design matured DCC carried out a feasibility assessment to determine if all SRVs would be processed within the TRTs, and found that a number of the larger SRVs could not be delivered within the TRT. We last made Ofgem aware of this issue through our engagement in September 2016.
- In order to identify and implement an enduring solution, detailed assessment of statistically significant volumes will be needed in the production environment. The assessment will consider how the system and message requirements have evolved, as well as the actual operational characteristics of the DCC Systems. DCC plan to start this assessment, which was agreed with industry and BEIS in June 2015, once volumetric targets have been reached. Currently, DCC is in the process of determining these volumetric targets.
- In the interim, DCC will continue to assure the existing proxy measurement methodology for Code Performance Measures 1, 2 and 3 as detailed in the Performance Measurement Methodology document and consider alternatives to manage the disparity between the TRTs and what DCC's systems are technically feasible of delivering. These might include technical interventions and/or proposed changes to the SEC. DCC will share these options with Ofgem and industry when DCC have fully considered their impact and will take account of their views.

¹BEIS TRTs TV - <https://www.smartenergycodecompany.co.uk/docs/default-source/sec-documents/sec-5.0/20161108-dcc-live-direction---final.pdf?sfvrsn=2>

DCC's ability to measure TRTs

- Notwithstanding the challenges that DCC will face in meeting some TRTs, DCC faces a more fundamental challenge in that the DCC system is unable to measure TRTs as envisaged in the SEC. The difficulty arises because DCC cannot isolate the SVR non-TRT elements from its journey through the DCC system. Specifically, DCC is unable to calculate the time the SVR took within the HAN and the adaptor between the DSP and the DCC customer. We also reported on this issue to BEIS, Ofgem and industry in June 2015.
- To address this challenge, a change would be required to the GBCS and the design of the Communications Hubs in order to measure the Service Request Response Time, and a new timestamp would be required to record the time at which a Service Request is received by the Communications Hub. DCC will work with industry through the newly established Operations SEC working group to determine the options and appetite to address this or to seek a SEC Modification to detail an alternative measure.

Further development - Classification of Service Requests by TRT

- In addition to the challenges raise above, there are other development changes that will be required in order to implement OPR reporting. Specifically, the raw data required to calculate the Service Levels for SDM2 is recorded within the DSP Data Systems. Whilst the raw data has already been extracted into the ODS under existing development activity, further work will be required to classify the data against each Code Performance Measure.

SUM2c – Communications Hubs not faulty: timing of reporting

- As DCC has previously noted to Ofgem, there is a time lag before DCC can finalise the Service Level for the SEC Performance Measures used in the OPR. Where a Supplier identifies an issue with a Communications Hub at the point of install and intends to return the Communications Hub, it can take up to 5 months, and longer if there is dispute over the Fault Analysis Report, to conclude on the liability for the return. Practically, this may mean that Service Levels for this measure for March 2019 may not be available until September 2019 or later. DCC is considering alternatives to address this timing issue and will engage with Ofgem and other stakeholders through consultation if a change to the Performance Measurement Methodology is required.

Challenges relating to the provision of additional OPR reporting

The OPR specific additional reporting requires DCC to track and report on the Service Levels at a more detailed level that has been required of DCC to-date. The development of the ODS has been able to expand to meet many of the requirements within the necessary timescale, but in some areas the data required is either not recorded by the DCC Systems, or is not currently extracted in to the ODS. These challenges apply to the reporting of SDM2 and SUM2a.

SDM2 – Core service requests additional reporting

- In relation to SDM2 additional reporting, DCC are unable to provide Ofgem with “The percentage of each service type delivered within Target Response Time”.² The reason for this is that the existing system has not been designed to measure performance by service type,³ as a Communications Hub timestamp it is not part of the GBCS system specifications. In order for DCC to have the ability to provide this information, changes to the GBCS and subsequent system design and implementation would be necessary. These changes will likely incur additional costs and it would be helpful if Ofgem could signal if it wishes us to pursue these changes.

SUM2a – Communications Hubs additional reporting

- SUM2 additional reporting will necessitate changes to the extract and load of the CSP data from within each of the Order Management Systems, so DCC can report on the data by meter manufacturer. DCC will need to request the CSPs to develop extracts including this data, which is not currently a contractual requirement. There is a project in the emerging 2017-2018 DCC Business Plan which seeks to deliver a single view of the Communications Hub asset and DCC welcomes this requirement in support of this project. A short term solution to meet the timescales will require a Change Request which will incur additional cost. It would be helpful if Ofgem could signal whether this is an option that it wishes DCC to pursue.

OPR RIGs documents clarifications

We have identified a number of areas where DCC require further clarity in both the OPR RIGs guidance document and excel template. DCC have highlighted these as comments in the word document which is appended to this letter.

Concluding remarks

Whilst DCC should be able to implement most of the changes to systems and processes proposed by Ofgem in relation to the OPR RIGs, other changes, specifically concerning SDM2, will require DCC to engage with and seek input from industry, and ultimately may require changes to the SEC and DCC Systems to take effect. These have the potential to be particularly complex and will likely take significant time to resolve.

Finally, as DCC has previously stated, there is no full alignment between the incentives which OPR sets on DCC and what is set in the FSPs contracts, and

² See paragraph 5.8 of the Guidance document and corresponding excel sheet in the reporting template.

³ DCC assume that Ofgem is referring to Service Requests Reference Variants, as defined in the SEC.

specifically the Service Credit Regime. This hampers DCC's ability to deliver against its SEC targets, as FSP targets are less stringent than DCC's. DCC will be considering different alternatives to address the challenges this misalignment poses for OPR.

We would look forward to Ofgem's engagement to support the necessary changes, to enable DCC to successfully implement OPR ahead of its start in April 2018.

If you have any questions on this response, or anything else on OPR, please do not hesitate to contact Julian Rudd (Julian.Rudd@smartdcc.co.uk) in the first instance, or me.

Yours Sincerely

Helen Fleming
Director of Corporate Affairs