



Making a positive difference
for energy consumers

The Data Communications Company, suppliers, gas transporters, electricity distributors and any other interested parties

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Date: 1 December 2017

Dear Colleague

Decision on modifications and issuing of new Regulatory Instructions and Guidance¹ for the Data Communication Company (DCC)

Following consultation with the Licensee (DCC), we are directing a modification to the Regulatory Instructions and Guidance (RIGs).

In September of this year we made a decision to implement the Operational Performance Regime² (OPR), to place performance incentives on DCC's operations. DCC's performance against the OPR will be assessed and determined annually alongside the main price control.

DCC will report on their performance against the OPR at the same time as submitting their Price Control Information. To facilitate this, we are modifying the RIGs to introduce a further annex (Annex 1) containing Regulatory Instructions and Guidance on Quality of Service Information.

Accordingly, we are issuing a Direction to DCC, published on our website³, which modifies the existing RIGs. We are publishing the finalised new Annex 1 to the RIGs and reporting templates together with this decision.

Additions to the RIGS and templates

The new Annex to the RIGS will require additional information, which will provide us with a more detailed understanding of DCC's performance. The new Quality of Service Annex 1 is structured as follows:

- A Quality of Service explanatory document, which sets out how the Quality of Service RIGs relates to the OPR, guidance on completing the reporting template and sets out a series of qualitative questions that DCC must respond to in their submissions.

¹ All terms used in this Notice shall have the meaning given to them under the Licence, unless expressly stated otherwise.

² <https://www.ofgem.gov.uk/publications-and-updates/decision-dcc-s-operational-performance-regime>

³ <https://www.ofgem.gov.uk/publications-and-updates/data-communications-company-dcc-regulatory-instructions-and-guidance-2017>

- The reporting template models the relevant formulae to ultimately calculate the value of BMOPA (Baseline Margin Operational Performance Adjustment) for each year. DCC must input the required performance data.

DCC's responses

We sent a Notice with proposed changes to DCC in September 2017. We have summarised and responded to DCC's comments in the appendix of this decision.

Next steps

The Operational Performance Regime takes effect from 1 April 2018. Therefore, DCC is not required to submit the Quality of Service Information until 31 July 2019. However, we recommend DCC submit a draft in July 2018, alongside the main RIGs, so we can monitor interim performance and are able to provide feedback to DCC on submission quality.

If you have any questions on DCC price control or anything in this decision letter, contact smartmetering@ofgem.gov.uk.

**Rob Salter-Church,
Partner, Consumers and Competition**

Appendix 1: Summary of DCC's comments and Ofgem response

Ability to report requested information and making SEC reporting fit for purpose

DCC stated in their response to the proposed RIGS modifications that they are ready to produce the vast majority of the OPR data requirements. They are currently in the process of building an Operational Data Store to track performance measures to a more granular level, which will include developing reports and metrics in a format to meet the RIGS template design. However, DCC consider that further development is required to enable reporting:

- SDM1- WAN coverage: DCC will need to undertake modifications to internal systems to calculate the number of 'Attempted First Time Connections'.
- SUM2 (additional reporting) - Communication Hubs data, broken down by manufacturer: DCC will be required to make contractual changes to obtain this data from their service providers. They note that this information would also be beneficial for an emerging project on Communication Hubs assets. DCC indicated it would be helpful if Ofgem could signal if it wishes DCC to pursue these changes.

DCC have highlighted areas where there may need to be further development to their Performance Measurement Methodology (PMM) or SEC reporting requirements.

- SUM2c – Communications Hubs not Faulty: Under the current methodology there is a potential time lag in incident resolution affecting when the data may be available to report to Ofgem. DCC is considering changes, through consultation with stakeholders, to the Performance Measurement Methodology to address this.
- SDM2 – Core service requests: DCC have identified two challenges. The first is that a number of the Target Response Times (TRTs) under the SEC may need to be reviewed due to GBCS and DCC system specifications. The second that there are a number of challenges affecting DCC's ability to record TRTs, due to system design. DCC is considering interim and long-term solutions to these issues, which it intends to share with Ofgem and industry.
- SDM2 (additional reporting) – Core Service Request: Current system design does not measure performance of individual Service Reference Variants and would require changes to design and implementation of the system. DCC indicated it would be helpful if Ofgem could signal if it wishes DCC to pursue these changes.

Ofgem response:

We recognise that DCC is making progress in implementing the necessary processes and systems changes to enable SEC and OPR reporting. Where DCC has identified particular challenges in reporting, we support their approach of discussing and developing solutions with industry. As stated in our OPR decision, we encourage DCC and other SEC parties to consider if current SEC processes are fit for purpose, including reviewing the Performance Measurement Methodology or any SEC requirements.

Additional reporting has been included in the RIGs to better identify, understand and provide transparency about any issues in DCC's performance – for example, whether performance issues are due to certain types of service requests. This data can inform any later iterations of the OPR. DCC mentions that it would be helpful if Ofgem could signal if it wishes DCC to pursue changes that would be required to provide additional reporting under SUM2 and SDM2. DCC has not provided indicative timescales or costs for changes required for this reporting. Ofgem recommends DCC discuss timescales, costs and benefits of this reporting with the SEC Panel Operations sub-group. Qualitative question 4 of the Quality of

Service RIGs asks DCC to explain if and why any additional reporting is incomplete. We will take wider industry's views and priorities into account when considering DCC's explanation.

Approach to exceptional events

DCC consider it important that there is an explicit reference within the Quality of Service RIGs that force majeure events and those outside of DCC's control are accepted exemptions.

Ofgem response:

We recognise there are cases when incidents or events may occur that are out of DCC's control. DCC is responsible for identifying the nature of these types of events (eg if they should be considered force majeure) and reflecting this through relevant processes and methodologies in their SEC reporting. As stated in the OPR decision document, these events will be treated in the OPR as set out in exemptions/exceptions policies for relevant SEC reporting.

Minor Clarifications from Notice:

- Added unit labels (%) for CPM1, 2 and 3 in the reporting template
- Rephrased paragraph 4.9 of the Quality of Service RIGs to clarify intent
- Confirmed that 'service type' refers to Service Reference Variants (SRVs)
- Corrected minor typographical errors

We have also updated the reference to Quality of Service RIGs on page 6 of the Price Control RIGs. This is a consequential amendment to the introduction of the new Annex in the RIGS, as follows (*new text shown in red, deleted text shown in strikethrough*):

Quality of Service Information

~~DCC is still in the implementation phase of its licence term. As a result, Specified Information in these RIGs does not currently include reporting of Quality of Service Information. Quality of Service Information is expected to be added to the RIGs in the future as part of the wider development of DCC's ongoing operational incentives.~~

In addition to the requirements outlined in this document, DCC is required to provide Quality of Service Information. The Quality of Service RIGs are published on our website alongside the price control RIGs documents, and should be considered 'Annex 1' to this document.