

Guidance

Data Communications Company (DCC): Regulatory Instructions and Guidance – Annex 1 Quality of Service Information

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Contact: Anna Clover, Senior Manager

Team: Metering and Market Operations

Tel: 020 7901 7000

Email: smartmetering@ofgem.gov.uk

This document sets out the Regulatory Instructions and Guidance for DCC's reporting of Quality of Service Information. The information reported is used to determine the outcomes of DCC's Operational Performance Regime (OPR).

This document is ancillary to the main Regulatory Instructions and Guidance (RIGs), and should be treated as Annex 1 to that document. Quality of Service Information should be submitted annually by the 31 July, from Regulatory Year 2018, alongside the main Price Control RIGs submission until the end of the Licence term.

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1. Introduction

Purpose and Structure

- 1.1. This document sets out the Quality of Service Information Reporting requirements. As outlined in the executive summary of the Price Control RIGs guidance document, we require this information to monitor DCC's outputs, and make determinations on incentives placed on DCC. The information required here must be submitted annually by the 31st July as part of DCC's price control submission.
- 1.2. Information from the Quality of Service Information¹ reporting will be used to make determinations on DCC's Operational Performance Regime (OPR), which also may include publication, or distribution to SEC parties, of some information as a reputational incentive. The Quality of Service RIGs should be treated as an Annex 1 to the price control RIGs document.
- 1.3. As well as monitoring incentives and outputs, the information reported by DCC is used to determine the Baseline Margin Operational Performance Adjustment (BMOPA) under the OPR.
- 1.4. This document is accompanied by a Quality of Service Information reporting template, through which the Licensee is required to report its performance. This document is structured to be read alongside the template.
- 1.5. The document is structured as follows:
 - 1.5.1. Section 2 – Explanation of how the reporting template implements the OPR
 - 1.5.2. Section 3 – General information of the reporting template
 - 1.5.3. Section 4 – DCC's reporting requirements and template calculations. Sheets: i. Summary, ii. Directed Values, iii. Service Levels, iv. Number of Enrolled Meters v. Incentive Calculations.

¹ As defined in Condition 31 of the Smart Meter Communication Licence.

- 1.5.4. Section 5 – DCC’s reporting requirements and template calculations for each performance measure. Sheets vi. to xii.
 - 1.5.5. Section 6 – DCC’s reporting requirements of additional information. Sheets xiii. to xvi.
 - 1.5.6. Section 7 – Qualitative questions. Accompanying explanation and evidence the Licensee needs to provide.
- 1.6. The reporting template enables the Licensee to report its performance up until the end of the Licence term. The Licensee is only required to report on past performance, up until the end of the relevant Regulatory Year. For the avoidance of doubt, there is no requirement to forecast future performance.

Related Publications

RIGs Guidance Documents

[Main RIGs guidance document](#)

[Annexes 2 to 4 RIGs guidance document](#)

RIGs Reporting Templates

[Main RIGs reporting template](#)

[Annex 1 RIGs reporting template – Quality of Service Information](#)

[Annex 2 RIGs reporting template – Baseline Margin Project Performance Adjustment](#)

[Annex 3 RIGs reporting template – External Costs](#)

[Annex 4 RIGs reporting template – Centralised Registration Service Revenue](#)

Other Related Publications

[Smart Meter Communication Licence](#)

[Decision on Operational Performance Regime](#)

[Direction to populate Schedule 4](#)

2. Reporting for the OPR

Section summary

This section sets out: the role of the Quality of Service Information reporting in the Authority's determinations on DCC's Operational Performance Regime (OPR); how the OPR framework calculates the BMOPA; and the purpose of the qualitative questions.

Reporting Purpose

- 2.1. The Authority consulted and decided on the framework of the OPR in September 2017.² The Quality of Service RIGs is the means by which DCC reports on its performance against measures in the OPR. The reporting template calculates how DCC's performance will affect the value of the BMOPA for that Regulatory Year. The BMOPA is a constituent part of the Baseline Margin Performance Adjustment (BMPA),³ which in turn is a component of the Principal Formula for the Licensee's Allowed Revenue.⁴
- 2.2. The reporting template calculates the BMOPA to provide transparency on how it is calculated from the Licensee's performance. However, the Authority may take other factors into consideration when determining the value of the BMOPA. This would only be the case if there were material concerns with accuracy, reliability or errors in reporting. For example:
 - 2.2.1. any errors in calculations or values in the RIGs or the Licensee's submission;
 - 2.2.2. an unsatisfactory response from the Licensee to qualitative questions relating to quality assurance; or
 - 2.2.3. issues raised in reports from any independent audits.

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

³ See Condition 36.12 of the Smart Meter Communication Licence.

⁴ See Condition 36.8 of the Smart Meter Communication Licence.

- 2.3. The Authority may request additional/supporting information or documents to assess the accuracy and reliability of the information submitted by the Licensee. If the reporting is not of an acceptable quality, any unreliable or inaccurate data may be discounted or revised, and therefore the BMOPA will be amended.

Methodology

- 2.4. The OPR framework consists of a number of formulas to calculate the BMOPA, which underpins the Quality of Service Information reporting. The steps to calculate the BMOPA are set out below. Definitions of all algebraic terms are also included in Appendix 1 of this document.
- 2.5. **Step 1: Calculating the incentives.** Formulas to calculate performance level incentives (Target and Minimum Performance Level Incentives – TPLI and MPLI) are set out in the OPR direction. Performance Level incentives are calculated in Sheet v. (Incentive Calculations), using values from Sheet ii. (Directed Values) in the RIGs Annex 1 template. See Section 4 of this document.

For each performance measure:

$$TPLI_t = BM(OPR)_t \times PMW_t$$

$$MPLI_t = TPLI_t \times Y_t$$

Where the values of PMW_t ⁵ and Y_t are set in the OPR Direction. The calculation of $BM(OPR)_t$ ⁶ is set out in Table 3 of the OPR Direction.

- 2.6. **Step 2: Calculating performance levels.** The reporting template calculates Reported (RPL), Minimum (MPL) and Target (TPL) Performance Levels for each Performance Measure. These are calculated for each measure on the relevant Performance Measure sheet (vi. to xii.), in the 'Variables' and 'Inputs' sections. See Section 5 and Appendix 2 of this document.
- 2.7. **Step 3: Calculating performance measure value.** Performance incentives (MPLI and TPLI) are then used in each Performance Measure along with the RPL, MPL and

⁵ See Appendix 1 to this document for definition.

⁶ See Appendix 1 to this document for definition.

TPL to calculate the value of the Performance Measure (n_t) – ie SUM1, SUM2 and so on.⁷ These formulas are set out in the OPR Direction. The calculations are in the 'Performance calculations' and 'Performance against levels' sections of the relevant Performance Measure sheet (v. to xi.). See Section 5 and Appendix 2 of this document.

If $RPL \geq TPL$ then $n_t = 0$

If $RPL < MPL$ then $n_t = -TPLI_{nt}$

If $RPL = TPL$ then $n_t = -(TPLI_{nt} - MPLI_{nt})$

If $MPL < RPL < TPL$ then:

$$n_t = - \left[1 - \frac{RPL_{nt} - MPL_{nt}}{TPL_{nt} - MPL_{nt}} \right] \times [TPLI_{nt} - MPLI_{nt}]$$

- 2.8. **Step 4: Calculating the BMOPA.** The BMOPA calculation is set out in the Smart Meter Communication Licence. This is the sum of all Performance Measures. Performance against each measure is set out in the Summary sheet (i. Summary).

$$BMOPA_t = [SUM\ 1-4] + [SDM\ 1-4] + [DIM\ 1-4] + [VMM\ 1-4]$$

Additional Reporting

- 2.9. As well as measures attached to monetary incentives, the Licensee is also required to submit the additional reporting. This is for monitoring purposes and can be reported to wider industry as a reputational incentive.⁸

Qualitative Questions

- 2.10. The Licensee will also need to answer qualitative questions set out in Section 7. The purpose is to:

⁷ As explained in Section 5, SDM1 has an additional condition in calculating the Performance Measure value.

⁸ With consideration for commercial sensitivities.

- 2.10.1. provide the Authority and other interested parties (through the price control consultation process) with reasons for any performance issues. It also allows the Licensee to explain why any issues occurred, how it solved the issues and any mitigations it is undertaking for the future;
- 2.10.2. provide assurance as to the accuracy, reliability and quality of the data submitted; and
- 2.10.3. understand if, and how much, reporting was excluded from measures due to exceptional events⁹ as outlined in the Licensee's Performance Measure Exceptions List, in Section M3 or in Section H of the SEC (Smart Energy Code).

⁹ For the purposes of this document, by exceptional events we mean incidents or events that have been excluded from, or considered allowed exceptions, to DCC's Performance Measurement Reporting (where the measures are relevant to the OPR), for example because they are on DCC's Performance Measurement Exceptions List, or fall under Section M3 or Section H of the SEC.

3. Specified Information – Front Matter, Summary, Directed Values and Service Levels

Section summary

As in the main RIGs template, the General Specified Information covers sign off procedures, version control, logs and universal data requirements. They are presented in the first five unnumbered sheets in the reporting template. Sheets i. to v. set out inputs and outputs for the BMOPA calculation.

Contents and guidance

- 3.1. This sheet sets out a list and description of the sheets included in the Quality of Service Information reporting template. It also sets out a colour coded key for the reporting template.

Sign Off, Version Control, Data change log, and Universal data

- 3.2. These sheets should be completed in the same manner as that of the main Price Control RIGs template.

Summary (Sheet i.)

PURPOSE: summarises performance against Performance Measures and the subsequent value of the BMOPA.

- 3.3. This sheet summarises the outputs of the reporting template, and does not require any inputs from the Licensee. It contains two parts.
- 3.4. The first part sets out the overall value of the BMOPA by adding together the values of Service User and Service Delivery measures. Development and Improvement and Value for Money Measures do not currently include any measures, and therefore their values are 0.

- 3.5. The summarised results in the first part (cell n17:t36) should be entered in Part 3 of Sheet 7 of the main RIGs template with the same format.
- 3.6. The second part (Performance Summary) summarises the Licensee's performance, as calculated on the respective Performance Measure sheet (Sheets vi. to xii.).

Directed Values (Sheet ii.)

PURPOSE: inputs values directed by the Authority that determine a) the distribution of the margin at risk across Performance Measures (PMW) and b) the proportion retained for reaching Minimum Performance Levels (Y).

- 3.7. The values in this sheet are required to reflect the values directed by the Authority. The Licensee needs to ensure the values reflect those most recently directed by the Authority.
- 3.8. The first part is the Performance Measure Weight (PMW). This is the percentage of BM (according to OPR) at risk under each Performance Measure.
- 3.9. The second part is the Proportion of Target Performance Level Incentive (TPLI) the Licensee is awarded for meeting Minimum Performance Level (MPL) – expressed as Y. This sets how much of the margin at risk under each Performance Measure the Licensee can recover from meeting MPL for each Performance Measure.
- 3.10. These values will be used to calculate TPLI and MPLI in Sheet v. – Incentive Calculations.

Service Levels (Sheet iii.)

PURPOSE: inputs related service levels and milestones.

- 3.11. This sheet requires the Licensee to input relevant service levels and milestones from relevant documents. These documents are:

- 3.11.1. Statement of Service Exemptions¹⁰ that has been approved by the Authority and published on the Licensee's website;
 - 3.11.2. Section H of the Smart Energy Code;¹¹ and
 - 3.11.3. Service Provider Performance Measures, as set out in the Data and two Communications Service Providers' contracts.
- 3.12. Appendix 2 references the measures in these above documents relevant to reporting in these RIGs.
- 3.13. The values entered are required to equate to the corresponding values in the above documents as of 1 April of the reporting Regulatory Year, unless directed otherwise by the Authority.
- 3.14. These values are used to calculate TPL and MPL on the sheet calculating the related Performance Measure (Sheets vi. to xii.).

Number of Enrolled Smart Meters (Sheet iv.)

PURPOSE: To calculate the number of SMETS2 meters live on the network against the number of SMETS1 meters live on the network.

- 3.15. This sheet requires the Licencee to report the number of SMETS1 and SMETS2 meters enrolled onto the network per month. This is then aggregated across the regulatory year for SMETS1 and SMETS2 meters separately. Both SMETS1 and SMETS2 meters are then aggregated to provide the total number of smart meters.
- 3.16. The number of SMETS1 meters is divided by the total number of smart meters in the regulatory year to calculate the proportion of SMETS1 meters. The same approach is applied to calculate the proportion of SMETS2 meters.
- 3.17. The SMETS1 and SMETS2 proportions are used to weight the performance calculations for the OPR.

¹⁰ As defined in Condition 17 of the Smart Meter Communication Licence.

¹¹ <https://www.smartenergycodecompany.co.uk/sec/sec-and-guidance-documents>

Incentive Calculations (Sheet v.)

PURPOSE: calculates monetary incentives tied to each Performance Measure (TPLI and MPLI).

- 3.18. Part one of this sheet requires the Licensee to report Baseline Margin and Average Specified Rate values as reported in the main RIGs template. The margin at risk for each Regulatory Year is redistributed according to the calculation of BM(OPR), the formula for which is set out by the Authority by direction.
- 3.19. Part two is the calculation of TPLI and MPLI per Performance Measure, calculated as set out by the Authority direction. TPLI and MPLI values for each Performance Measure sheet (Sheets vi. to xii.) draw from this sheet.

4. Specified Information – Performance Measures

Section summary

This section describes the Performance Measure Calculations which are set out in Sheets vi. to xii. of the Annex 1 reporting template.

Performance Measure Calculations (Sheets vi. to xii.)

PURPOSE: calculates the value of the relevant Performance Measure from the Licensee's reported performance.

Performance Measures Value

- 4.1. There are seven Performance Measures, which reflect different areas of licensee's Service and Delivery outputs.
- 4.2. **Value:** gives the overall value for each Performance Measure.

Performance calculations

- 4.3. This section calculates the monetary value of each Performance Measure (n_t). This reflects the second half of the four formulas included in the OPR Direction.
- 4.4. Note that SDM1 has an additional condition for calculating the value of SDM1. This is a TRUE/FALSE condition reflecting whether they met the milestones set out in Sheet iii. – Performance Levels. This value must read 'TRUE' or the total margin at risk for that measure is lost (Performance Measure value is -TPLI).

Performance against levels

- 4.5. This section reflects the calculation of the four potential formulas set out by direction by the Authority to calculate n_t .

- 4.6. The 'performance against measure' section identifies the relevant formula (I. to V.). This is reflected in a TRUE/FALSE against each formula. Only one formula should read 'TRUE' for each Regulatory Year.

Variables – Reported, Minimum and Target Performance Levels (RPL, MPL and TPL)

- 4.7. RPL is calculated on each performance measure sheet. It is a percentage, calculated from the inputs for each individual measure.
- 4.8. For performance measures SUM1 and SDM2, RPL is calculated for both SMETS1 and SMETS2 meters separately. The aggregated RPL is then calculated as a weighted average of RPL SMETS1 and RPL SMETS2. The average is weighted by the proportion of each meter type, using data from sheet iv. (Number of Enrolled Meters).
- 4.9. TPL and MPL are calculated using data from Sheet iii. (Performance Levels). These inputs correspond to the minimum and target service levels for relevant SEC and Service Provider Performance Measures. Both the minimum and target service levels are the same for SMETS1 and SMETS2 meters. Where an OPR Performance Measure draws upon more than one related SEC or Service Provider Performance Measure, MPL and TPL values are weighted to ensure in the consistent level of service the Licensee is measured against.

As the performance measures for SUM1 and SDM2 include SMETS1 meters, the MPL and TPL calculations factor in the respective weightings for both meters as explained in 4.8.

Inputs

SUM1: Service Desk

- 4.10. The Licensee reports on the total number of category 1 to 5 incidents broken down by SMETS1 and SMETS2 meters raised in the Regulatory Year (broken down into monthly periods) that the Licensee was responsible for resolving, and the number of these that were resolved within the Target Resolution Time. This is then expressed as RPL SMETS1 and RPL SMETS2, as a percentage.

SUM2a: Communications Hubs (Delivery)

- 4.11. The Licensee reports on the number of Communications Hubs scheduled to be delivered in the Regulatory Year (broken down into monthly periods, by each Communication Service Provider (CSP)), and the number of these that were delivered on time. This is then expressed in RPL as a percentage.

SUM2b: Communications Hubs (Quality – User accepted)

- 4.12. The Licensee reports the number of Communication Hubs delivered to DCC Users during the Regulatory Year (broken down into monthly periods, by each CSP), and of these the number that were accepted by DCC Users. This is then expressed in RPL as a percentage.

SUM2c: Communications Hubs (Quality – Not faulty)

- 4.13. The Licensee reports the number of Communications Hubs attempted to be installed in the Regulatory Year (broken down into monthly periods, by each CSP), and the number of those determined to be faulty (due to a CSP fault). This is then expressed in RPL as a percentage.

SDM1: WAN (Wide Area Network) Connectivity

- 4.14. The Licensee reports on the number of first time attempts to connect to the WAN at install in the Regulatory Year (broken down into monthly periods, by each CSP), and of those the number that were successful. This is then expressed in RPL as a percentage. In addition to this, the Licensee must be able to report that all coverage milestones that fall in the Regulatory Year set out in the Statement of Service Exemptions have been met, or the negative value of TPLI automatically applies for SDM1. Note that this is reported by DCC in Sheet iii. Performance Levels.

- 4.14.1. If the Licensee has not met all of the relevant coverage milestones it should still report its performance under SDM1. The Authority requires this for monitoring purposes.

SDM2: Service Requests

- 4.15. The Licensee reports the number of each type of service request related measure (On-Demand, Future Dated and Alert) during the Regulatory Year (broken down into

monthly periods) for SMETS1 and SMETS2. The Licensee also reports its performance against each of these as a percentage achievement of target response times. The total number of service requests is then calculated, and the performance percentage for each service type is weighted and then combined. This calculation is carried out separately for SMETS1 and SMETS2. This weighted and combined performance is then totalled to calculate RPL SMETS1 and RPL SMETS2.

SMD3: Service Availability

- 4.16. The Licensee reports on the number of unscheduled minutes of downtime of each of four services (Data Service, User Interface, Service Management System and Self Service Interface) in the Regulatory Year (broken down into monthly periods). This is then totalled and compared to the number of minutes the service should have been running in the Regulatory Year (four times the number of minutes in the Regulatory Year). RPL is then calculated as the percentage of time there was not unscheduled downtime (ie one minus the percentage of unscheduled downtime).
- 4.17. As SDM3 uses the same service provider for SMETS1 and SMETS2, unscheduled downtime will affect both SMETS1 and SMETS2 meters equally. SMD3 is therefore not weighted by meter type.

Charts

- 4.18. Each Performance Measure has a series of charts to illustrate performance against the incentive structure over the duration of the Licence.

5. Specified Information – Additional Reporting

Section summary

This section covers the Additional Reporting the Licensee is required to submit. The Additional Reporting provides further information on the Licensee's performance and quality of service. If the Licensee is unable to provide such reporting, either for all or part of the year, they should justify this in qualitative question 4.

Additional Reporting (Sheet xiii. to xvi.)

5.1. Additional reporting requires more granular or further relevant detail relating to the performance measures described in Section 4. There are built-in checks to ensure consistency of reporting under other relevant parts of the template.

SUM1 – additional reporting (Sheet xiii.)

5.2. This requires a breakdown of the number of incidents raised and resolved in the Target Resolution Time by categories 1 to 5 within the Regulatory Year. This sheet provides a breakdown of incidents by the type of Smart Meter ie SMETS1 and SMETS2.

SUM2 – additional reporting (Sheet xiv.)

5.3. This requires a breakdown of Communication Hubs within the Regulatory Year that were:

5.3.1. Scheduled for delivery and, of those, delivered on time;

5.3.2. Delivered and, of those, accepted by DCC Users; and

5.3.3. Attempted to be installed and, of those, found to be subject to a CSP fault.

5.4. Each of these then needs to be broken down by CSP and Communications Hub manufacturer.

SDM1 – additional reporting (Sheet xv.)

5.5. This requires a breakdown for each month of the Regulatory Year:

5.5.1. Number of successful first time installs achieving connectivity within 30 days (North region only); and

5.5.2. Number of successful first time installs achieving connectivity within 90 days.

5.6. Each of these is broken down by CSP.

SDM2 – additional reporting (Sheet xvi.)

5.7. The Licensee is required to provide, for each Service Reference Variant (SRV) in the Regulatory Year:

5.7.1. The number of incidents of each SRV broken down by the type of Smart Meter ie SMETS1 or SMETS2.

5.7.2. The percentage of each Service Reference Variant delivered within Target Response Time.

6. Qualitative Questions

Section summary

This section sets out the qualitative questions. These can be answered in supporting documents as part of Quality of Service Information reporting.

- 6.1. **Question 1:** Where the Licensee has not reached the TPL for any Performance Measure please provide a narrative which explains:

6.1.1. Any reasons why the Licensee was prevented from reaching TPL

6.1.2. Any actions or plans to remedy or achieve the TPL in the future.

Why are we asking question 1?

We will use responses to these questions to monitor DCC performance over time and inform any potential future policy changes. Any response to this question will not impact price control determinations (ie the value of BMOPA).

- 6.2. **Question 2:** Provide a description and supporting evidence of the processes in place to quality assure reporting submitted to the Authority. This may include:

6.2.1. Assurance the Licensee has undertaken on reporting received from their Service Providers

6.2.2. Internal policy processes and procedures

6.2.3. Independent auditor reports

6.2.4. Consistency with other related reporting (eg Smart Energy Code performance measures)

6.2.5. Appropriate senior level management and oversight of quality assurance processes.

Why are we asking question 2?

The Licensee needs to demonstrate that it has appropriately quality assured its Quality of Service RIGs submission. As explained in Section 2, an unsatisfactory response to this question could lead to the Authority requiring additional information or assurance from the Licensee. If the Authority is still not assured that reporting is of the required quality, any unreliable or inaccurate data may be discounted or revised.

- 6.3. **Question 3:** Please provide an assessment of the number and percentage of incidences that have been exempt from reporting due to being exceptional events. Please include:

- 6.3.1. Reasons events were excluded from performance reporting, and the number/percentage of exemptions that were for this reason
- 6.3.2. Any quality assurance undertaken to ensure that categorisation of incidences as exceptional events was correctly applied.

Why are we asking question 3?

The primary reason for asking this question is to monitor why reporting is excluded from performance reporting. This can also be used to inform any potential future policy on exceptional events. If the Authority is not assured that the exceptional events policy has been applied correctly it may request further information, or review what the appropriate performance values should have been had the policy been correctly applied.

- 6.4. Please specify if, and explain why, additional reporting is not complete, for example because reporting was only developed part way through the year.

Why are we asking question 4?

To understand any gaps or delays in additional reporting. Where there are challenges in providing this information, Ofgem recommends DCC discuss timescales, costs and benefits of this reporting with the SEC Panel Operations sub-group. We will take wider industry's views and priorities into account when considering DCC's explanation.

- 6.5. Where the Licensee considers any of the information provided to Ofgem should not be made public due to its sensitivity, please clearly advise upon submission why this is the case. The Authority will then consider it before publication.

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Appendix 1 – Algebraic terms

List of Algebraic terms not defined in the Quality of Service reporting template.

BM(OPR)_t – the amount of margin at risk for year t of the OPR.

BMOPA – Baseline Margin Operational Performance Adjustment.

DIM 1–4 – Development and Innovation Measures 1 to 4 (part of the BMOPA calculation).

MPL – Minimum Performance Level.

MPLI – Minimum Performance Level Incentive (the margin allocated to a measure for reaching the MPL for that measure).

n – the value of a specific performance measure.

p – the proportion of BM_t for RY 16/17 and 17/18 allocated equally across the three years RY18/19 to RY20/21.

PMW – Performance Measure Weighting (ie the proportion of BM(OPR)_t allocated to a measure).

RPL – Reported Performance Level.

SDM 1–4 – Service Delivery Measures 1 to 4 (part of the BMOPA calculation).

SUM 1–4 – Service User Measures 1 to 4 (part of the BMOPA calculation).

t – the relevant Regulatory Year.

TPL – Target Performance Level.

TPLI – Target Performance Level Incentive (The margin allocated to a measure for reaching the TPL for that measure).

VMM 1–4 – Value for Money Measures 1 to 4 (part of the BMOPA calculation).

DCC User - A User is an organisation that has completed the DCC User Entry Process as set out in Section H1 of the Smart Energy Code. A DCC User is permitted to use DCC services.

Y – proportion of TPLI the Licensee is awarded for meeting MPL.

Appendix 2 – Measure Methodology (as modelled in the Quality of Service RIGs template)

Performance measure	Relevant DCC reporting measure	DCC's Performance Measurement equations p = Performance measurement period of a calendar month Algebraic terms in this column are defined in DCC's Performance Measurement Methodology	OPR equations (for each regulatory year) a = Annual Performance measurement period of a financial year pm = monthly performance period, where m expresses the month of the period (p) eg 1 = April, 2 = May... N – North C – Central S – South	Weighting performance between combined measures TSL – Target Service Level MSL – Minimum Service Level TPL – Target Performance Level MPL – Minimum Performance Level
SUM1 DCC service desk	SEC – CPM4	$100 \times \left(\frac{INCMT12_p}{INC12_p} \right) \% = CPM4_p$	SMETS1 RPL: $\sum_{m=1}^{12} (INCMT12a_{pm} + INCMT345a_{pm}) = INCMT12345_a$ $\sum_{m=1}^{12} (INC12a_{pm} + INC345a_{pm}) = INC12345_a$ $\frac{INCMT12345_a}{INC12345_a} = RPL_{SUM1a}$	Weighted Average of SMETS1 and SMETS2 TPL: $TPL_{SUM1} = \left(TSL_{CPM4} \frac{INC12_a}{INC12345_a} \right) \times (rPMSM1) + \left(TSL_{CPM5} \frac{INC345_a}{INC12345_a} \right) \times (rPMSM1) + \left(TSL_{CPM4} \frac{INC12_b}{INC12345_b} \right) \times (rPMSM2) + \left(TSL_{CPM5} \frac{INC345_b}{INC12345_b} \right) \times (rPMSM2)$
	SEC – CPM5	$100 \times \left(\frac{INCMT345_p}{INC345_p} \right) \% = CPM5_p$	SMETS2 RPL: $\sum_{m=1}^{12} (INCMT12b_{pm} + INCMT345b_{pm}) = INCMT12345_b$	

			$\sum_{m=1}^{12} (INC12b_{pm} + INC345b_{pm}) = INC12345_b$ $\frac{INCMT12345_b}{INC12345_b} = RPL_{SUM1b}$ <p>Weighted Average of SMETS1 and SMETS2 RPL = RPL_{SUM1}</p> <p>rPMSM1 = proportion of meters SMETS1 rPMSM2 = proportion of meters SMETS2</p> $(RPL_{SUM1a} \times rPMSM1) + (RPL_{SUM1b} \times rPMSM2) = RPL_{SUM1}$	<p>Weighted Average of SMETS1 and SMETS2 MPL:</p> $MPL_{SUM1} = \left(MSL_{CPM4} \frac{INC12_a}{INC12345_a} \right) \times (rPMSM1) + \left(MSL_{CPM5} \frac{INC345_a}{INC12345_a} \right) \times (rPMSM1) + \left(MSL_{CPM4} \frac{INC12_b}{INC12345_b} \right) \times (rPMSM2) + \left(MSL_{CPM5} \frac{INC345_b}{INC12345_b} \right) \times (rPMSM2) +$
SUM2a Comms Hubs – Delivery	North CSP CH1.1	$100 \times \left(\frac{CHDOT_p}{CHD_p} \right) \% = CH1.1_p$	$\sum_{m=1}^{12} (CHDOT_{Npm} + CHDOT_{Cpm} + CHDOT_{Spm}) = CHDOT_a$ $\sum_{m=1}^{12} (CHSD^{12}_{Npm} + CHSD_{Cpm} + CHSD_{Spm}) = CHSD_a$ $\frac{CHDOT_a}{CHSD_a} = RPL_{SUM2a}$	$CHSD_{Na} + CHSD_{Ca} + CHSD_{Sa} = CHSD_a$ $TPL_{SUM2a} = \left(TSL_{CH1.1N} \frac{CHSD_{Na}}{CHSD_a} \right) + \left(TSL_{CH1.1C} \frac{CHSD_{Ca}}{CHSD_a} \right) + \left(TSL_{CH1.1S} \frac{CHSD_{Sa}}{CHSD_a} \right)$ $MPL_{SUM2a} = \left(MSL_{CH1.1N} \frac{CHSD_{Na}}{CHSD_a} \right) + \left(MSL_{CH1.1C} \frac{CHSD_{Ca}}{CHSD_a} \right) + \left(MSL_{CH1.1S} \frac{CHSD_{Sa}}{CHSD_a} \right)$
	Central CSP CH1.1	$100 \times \left(\frac{CHDOT_p}{CHD_p} \right) \% = CH1.1_p$		
	South CSP CH1.1	$100 \times \left(\frac{CHDOT_p}{CHD_p} \right) \% = CH1.1_p$		

¹² The term CHSD (Comms Hubs Scheduled for Delivery) is used in place of CHD, to distinguish the term from Comms Hubs Delivered (CHD) in SUM2b.

SUM2b Comms Hubs – Quality, User Accepted	North CSP CH1.2	$100 \times \left(\frac{CHA_p}{CHD_p} \right) \% = CH1.2_p$	$\sum_{m=1}^{12} (CHA_{Npm} + CHA_{Cpm} + CHA_{Spm}) = CHA_a$ $\sum_{m=1}^{12} (CHD_{Npm} + CHD_{Cpm} + CHD_{Spm}) = CHD_a$ $\frac{CHA_a}{CHD_a} = \mathbf{RPL}_{SUM2b}$	$CHD_{Na} + CHD_{Ca} + CHD_{Sa} = CHD_a$ $\mathbf{TPL}_{SUM2b} = \left(TSL_{CH1.2N} \frac{CHD_{Na}}{CHD_a} \right) + \left(TSL_{CH1.2C} \frac{CHD_{Ca}}{CHD_a} \right) + \left(TSL_{CH1.2S} \frac{CHD_{Sa}}{CHD_a} \right)$ $\mathbf{MPL}_{SUM2b} = \left(MSL_{CH1.2N} \frac{CHD_{Na}}{CHD_a} \right) + \left(MSL_{CH1.2C} \frac{CHD_{Ca}}{CHD_a} \right) + \left(MSL_{CH1.2S} \frac{CHD_{Sa}}{CHD_a} \right)$
	Central CSP CH1.2	$100 \times \left(\frac{CHA_p}{CHD_p} \right) \% = CH1.2_p$		
	South CSP CH1.2	$100 \times \left(\frac{CHA_p}{CHD_p} \right) \% = CH1.2_p$		
SUM2c Comms Hubs – Quality, Not Faulty	North CSP CH1.3	$100 \times \left(1 - \frac{CHF_p}{CHI_p} \right) \% = CH1.3_p$	$\sum_{m=1}^{12} (CHF_{Npm} + CHF_{Cpm} + CHF_{Spm}) = CHF_a$ $\sum_{m=1}^{12} (CHI_{Npm} + CHI_{Cpm} + CHI_{Spm}) = CHI_a$ $1 - \frac{CHF_a}{CHI_a} = \mathbf{RPL}_{SUM2c}$	$CHI_{Na} + CHI_{Ca} + CHI_{Sa} = CHI_a$ $\mathbf{TPL}_{SUM2c} = \left(TSL_{CH1.3N} \frac{CHI_{Na}}{CHI_a} \right) + \left(TSL_{CH1.3C} \frac{CHI_{Ca}}{CHI_a} \right) + \left(TSL_{CH1.3S} \frac{CHI_{Sa}}{CHI_a} \right)$
	Central CSP CH1.3	$100 \times \left(1 - \frac{CHF_p}{CHI_p} \right) \% = CH1.3_p$		

	South CSP CH1.3	$100 \times \left(1 - \frac{CHF_p}{CHI_p}\right)\% = CH1.3_p$		$MPL_{SUM2c} = \left(MSL_{CH1.3N} \frac{CHI_{Na}}{CHI_a}\right) + \left(MSL_{CH1.3C} \frac{CHI_{Ca}}{CHI_a}\right) + \left(MSL_{CH1.3S} \frac{CHI_{Sa}}{CHI_a}\right)$
SDM1 DCC WAN coverage	North CSP PM 1.1	$100 \times \left(\frac{FTCI_p}{FTC_p}\right)\% = PM1.1_p$	$\sum_{m=1}^{12} (FTCI_{Npm} + FTCI_{Cpm} + FTCI_{Spm}) = FTCI_a$ $\sum_{m=1}^{12} (FTC_{Npm} + FTC_{Cpm} + FTC_{Spm}) = FTC_a$ $\frac{FTCI_a}{FTC_a} = RPL_{SDM1}$	$FTC_{Na} + FTC_{Ca} + FTC_{Sa} = FTC_a$ $TPL_{SDM1} = \left(TSL_{NPM1.1} \frac{FTC_{Na}}{FTC_a}\right) + \left(TSL_{CPM1.1} \frac{FTC_{Ca}}{FTC_a}\right) + \left(TSL_{SPM1.1} \frac{FTC_{Sa}}{FTC_a}\right)$ $MPL_{SDM1} = \left(MSL_{NPM1.1} \frac{FTC_{Na}}{FTC_a}\right) + \left(MSL_{CPM1.1} \frac{FTC_{Ca}}{FTC_a}\right) + \left(MSL_{SPM1.1} \frac{FTC_{Sa}}{FTC_a}\right)$
	Central CSP PM 1.1	$100 \times \left(\frac{FTCI_p}{FTC_p}\right)\% = PM1.1_p$		
	South CSP PM 1.1	$100 \times \left(\frac{FTCI_p}{FTC_p}\right)\% = PM1.1_p$		
SDM2 Core service requests	SEC – CPM1	$\frac{1}{n} \times \sum_{odrsm=1}^n ODSL_{p,odrsm} \% = CPM1_p$	$\sum_{m=1}^{12} (r_{CPM1apm} + r_{CPM2apm} + r_{CPM3apm}) = r_a$ <p>r_a = the number of On-Demand, Future Dates and Alert Related relevant service requests for SMETS1 in a year</p>	$\sum_{m=1}^{12} r_{CPM1apm} = r_{CPM1a}$ $\sum_{m=1}^{12} r_{CPM2apm} = r_{CPM2a}$

	SEC – CPM2	$\frac{1}{n} \times \sum_{fdrsm=1}^n FDSL_{p,fdrsm} \% = CPM2_p$	$\sum_{m=1}^{12} (r_{CPM1bpm} + r_{CPM2bpm} + r_{CPM3bpm}) = r_b$ <p>r_b = the number of On-Demand, Future Dates and Alert Related relevant service requests for SMETS2 in a year</p> <p>SMETS1:</p> $\frac{r_{CPM1apm} + r_{CPM2apm} + r_{CPM3apm}}{r_a}$ <p>= pm (Monthly)Weighting</p> <p>Average <i>monthly</i> performance:</p> $\frac{CPM1a_{pm}r_{CPM1apm} + CPM2a_{pm}r_{CPM2apm} + CPM3a_{pm}r_{CPM3apm}}{(r_{CPM1apm} + r_{CPM2apm} + r_{CPM3apm})} = CPM123a_{pm}$ <p>$CPM123a_{pm} \times pm(Monthly)Weighting = W_{CPM123apm}$</p> $RPL_{SDM2a} = \sum_{m=1}^{12} W_{CPM123apm}$ <p>For clarity:</p>	$\sum_{m=1}^{12} r_{CPM3apm} = r_{CPM3a}$ $r_{CPM1a} + r_{CPM2a} + r_{CPM3a} = r_a$ $\sum_{m=1}^{12} r_{CPM1bpm} = r_{CPM1b}$ $\sum_{m=1}^{12} r_{CPM2bpm} = r_{CPM2b}$ $\sum_{m=1}^{12} r_{CPM3bpm} = r_{CPM3b}$ $r_{CPM1b} + r_{CPM2b} + r_{CPM3b} = r_b$ <p>Weighted Average of SMETS1 and SMETS2 TPL:</p>
	SEC – CPM3	$\frac{1}{n} \times \sum_{arsm=1}^n ARSL_{p,arsm} \% = CPM3_p$		

			<p>RPL_{SDM2b}</p> $= \sum_{m=1}^{12} \frac{CPM1a_{pm}r_{CPM1a_{pm}} + CPM2a_{pm}r_{CPM2a_{pm}} + CPM3a_{pm}r_{CPM3a_{pm}}}{r_b}$ <p>SMETS2:</p> $\frac{r_{CPM1b_{pm}} + r_{CPM2b_{pm}} + r_{CPM3b_{pm}}}{r_b}$ <p>= <i>pm (Monthly)Weighting</i></p> <p>Average <i>monthly</i> performance:</p> $\frac{CPM1b_{pm}r_{CPM1b_{pm}} + CPM2b_{pm}r_{CPM2b_{pm}} + CPM3b_{pm}r_{CPM3b_{pm}}}{(r_{CPM1b_{pm}} + r_{CPM2b_{pm}} + r_{CPM3b_{pm}})} = CPM123b_{pm}$ <p>$CPM123b_{pm} \times pm(Monthly)Weighting = W_{CPM123bpm}$</p> $RPL_{SDM2b} = \sum_{m=1}^{12} W_{CPM123bpm}$ <p>For clarity:</p> <p>RPL_{SDM2b}</p> $= \sum_{m=1}^{12} \frac{CPM1b_{pm}r_{CPM1b_{pm}} + CPM2b_{pm}r_{CPM2b_{pm}} + CPM3b_{pm}r_{CPM3b_{pm}}}{r_b}$ <p>Weighted Average of SMETS1 and SMETS2 RPL:</p>	<p>TPL_{SDM2} = $\left(TSL_{CPM1} \frac{r_{CPM1a}}{r_a} \right) * (rPMSM1)$</p> $+ \left(TSL_{CPM2} \frac{r_{CPM2a}}{r_a} \right) * (rPMSM1)$ $+ \left(TSL_{CPM3} \frac{r_{CPM3a}}{r_a} \right) * (rPMSM1)$ $+ \left(TSL_{CPM1} \frac{r_{CPM1b}}{r_b} \right) * (rPMSM2)$ $+ \left(TSL_{CPM2} \frac{r_{CPM2b}}{r_b} \right) * (rPMSM2)$ $+ \left(TSL_{CPM3} \frac{r_{CPM3b}}{r_b} \right) * (rPMSM2)$ <p>Weighted Average of SMETS1 and SMETS2 MPL:</p> <p>MPL_{SDM2} = $\left(MSL_{CPM1} \frac{r_{CPM1a}}{r_a} \right) * (rPMSM1)$</p> $+ \left(MSL_{CPM2} \frac{r_{CPM2a}}{r_a} \right) * (rPMSM1)$ $+ \left(MSL_{CPM3} \frac{r_{CPM3a}}{r_a} \right) * (rPMSM1)$ $+ \left(MSL_{CPM1} \frac{r_{CPM1b}}{r_b} \right) * (rPMSM2)$ $+ \left(MSL_{CPM2} \frac{r_{CPM2b}}{r_b} \right) * (rPMSM2)$ $+ \left(MSL_{CPM3} \frac{r_{CPM3b}}{r_b} \right) * (rPMSM2)$
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			$(RPL_{SDM2a} \times rPMSM1) + (RPL_{SDM2b} \times rPMSM2)$ $= RPL_{SDM2}$	
SDM3 Service/ system availability	DSP PM 2.1	$100 \times \left(1 - \frac{UDDDS_p}{RT_p}\right)\%$ $= PM2.1_p$	<p>Total unscheduled downtime:</p> $\sum_{m=1}^{12} (UDDDS_{pm} + AUDDUG_{pm} + UDSMS_{pm} + UDSSI_{pm})$ $= TUD_a$ $4 \times \text{Time in Regulatory Year} = RT_a$ $RPL_{SDM3} = 1 - \frac{TUD_a}{RT_a}$	TPL_{SDM3} $= \frac{TSL_{PM2.1} + TSL_{PM2.2} + TSL_{PM2.3} + TSL_{PM2.4}}{4}$ MPL_{SDM3} $= \frac{MSL_{PM2.1} + MSL_{PM2.2} + MSL_{PM2.3} + MSL_{PM2.4}}{4}$
	DSP PM 2.2	$100 \times \left(1 - \frac{AUDDUG_p}{RT_p}\right)\%$ $= PM2.2_p$		
	DSP PM 2.3	$100 \times \left(1 - \frac{UDSMS_p}{RT_p}\right)\%$ $= PM2.3_p$		
	DSP PM 2.4	$100 \times \left(1 - \frac{UDSSI_p}{RT_p}\right)\%$ $= PM2.4_p$		

Appendix 3 – Glossary

A

Authority

The Gas and Electricity Markets Authority (GEMA).

C

Communications hub

A Device which complies with the requirements of CHTS and which contains two, logically separate Devices; the Communications Hub Function and the Gas Proxy Function.

Communications Service Provider (CSP)

Bodies awarded a contract to be a service provider of the DCC's communications services. Arqiva Limited and Telefónica UK Limited have been appointed to provide these services.

D

Data Communications Company (DCC)

The company that manages the data and communications to and from domestic consumers' smart meters.

Data Services Provider (DSP)

Body awarded the contract to deliver systems integration, application management and IT hosting services to the DCC. CGI IT UK Limited has been appointed to provide these services.

Department for Business, Energy and Industrial Strategy (BEIS)

The UK government department responsible for business, industrial strategy, science, innovation, energy, and climate change.

O

Ofgem

Office of Gas and Electricity Markets

Operational Performance Regime (OPR)

The Operational Performance Regime (OPR) incentivises DCC against a set of performance measures, placing all of DCC's margin at risk that relates to the OPR. This is provided for under Schedule 4 of the Smart Meter Communication Licence.

Q

Quality of Service Information

Means such of the Specified Information contained in any RIGs issued by the Authority under Condition 33 of the Smart Meter Communication Licence, as is required to be reported to the Authority in accordance with Condition 31, in such manner, to such extent, and subject to such further definition as may be set out in those RIGs.

R

Regulatory Instructions and Guidance (RIGs)

Provide the basis on which the Licensee must report price control information as required under the Smart Meter Communication Licence.

S

Smart Energy Code (SEC)

The SEC is an industry code which is a multiparty agreement that defines the rights and obligations between the Data Communications Company (DCC), Suppliers, Network Operators and other users of the DCC's services. All parties must comply with the Code.

Smart Meter Communication Licence

The Smart Meter Communication Licences granted pursuant to Sections 7AB(2) and (4) of the Electricity Act 1989 and Sections 6(1A) and (1C) of the Gas Act 1986.

Service Reference Variant (SRV)

As listed in the SEC.