

Modification proposal:	Smart Energy Code (SEC) Modification Proposal (MP) 122A – Operational Metrics		
Decision:	The Authority ¹ determines that this modification ² should be made ³		
Target audience:	Data and Communications Company (DCC), SEC Panel, Parties to the SEC and other interested parties		
Date of publication:	27 October 2020	Implementation date:	25 February 2021

Background to the modification proposal

The DCC is incentivised to deliver optimal levels of performance for its Users through a variety of measures, including the Operational Performance Regime (OPR). The OPR was developed and incorporated into the DCC Price Control and Reporting Framework beginning in Regulatory Year 18/19. Reporting against the system performance measures used in the OPR is delivered through the Performance Management Report (PMR) which is reviewed by the Operation Groups (Ops Group)⁴.

Throughout the time in which this report has been delivered and scrutinised, Users have voiced concern that it does not provide an accurate reflection of their experience with the service. There were also issues identified with the transparency of the reporting and relevance of the various measures contained within it. In its monthly review of the PMR, the Ops Group has found it increasingly difficult to report to the SEC Panel on the issues within the report with a meaningful analysis. As a result of these matters, the Operational Metrics Review (OMR) commenced in October 2019 as a sub-group of the Ops Group in order to identify improvements in the set of operational metrics defined within the SEC for the measurement of the delivery of DCC Services, which more accurately reflect DCC Users' experiences and priorities.

Ofgem engaged with the work of the Ops Group, drawing on the OMR report, submitted to the SEC Panel in April, to outline a new set of improved system performance metrics for the OPR in our May 2020 consultation⁵.

The modification proposal

SECMP122A was raised by Western Power Distribution (the Proposer) on 24 March 2020. The Proposed Solution aims to facilitate the necessary changes for DCC to be able to report on the metrics outlined within the business requirements, and as recommended by the OMR, these include:

- The DCC will report and measure monthly service performance for User business processes using Service Reference Variants (SRVs)
- The DCC shall add specific outcome-based measures to the PMR to provide a measure of performance as well as Indicators on the success of the key business processes

¹ References to the "Authority", "Ofgem", "we" and "our" are used interchangeably in this document. The Authority refers to GEMA, the Gas and Electricity Markets Authority. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day to day work. This decision is made by or on behalf of GEMA.

² 'Change' and 'modification' are used interchangeably in this document.

³ This document is notice of the reasons for this decision as required by section 49A of the Electricity Act 1989 and by section 38A of the Gas Act 1986.

⁴ The Operations Group is a SEC Sub-Committee, established by the SEC Panel in accordance with SEC Section C2.4(d).

⁵ OPR Review May 2020 Consultation: <https://www.ofgem.gov.uk/publications-and-updates/dcc-operational-performance-regime-review-may-2020-consultation>

- The DCC will measure end to end service availability across the DCC environment and report this by Communications Service Provider (CSP) region
- The DCC shall reduce the time it takes to create the PMR to within ten Working Days from the end of the measurement reporting period
- In relation to Code Performance Measure (CPM) 5, the DCC will improve transparency in the reporting provided for Incident Categories 3, 4 and 5

These changes will increase the transparency of the PMR, provide Parties with a more relevant view of the DCC's service performance and give the DCC a more accurate view of Party performance. Further consequential changes relating to the Service Providers are being progressed separately under MP122B 'Operational Metrics – Part 2'.⁶

SEC Change Board⁷ recommendation

At the SEC Change Board meeting on 7 October 2020 a majority of the Change Board considered that SECMP122A would better facilitate the SEC Objectives (b) and (g) and the Change Board therefore recommended its approval.

Our decision

We have considered the issues raised by the proposal and the Final Modification Report (FMR) submitted to us on 8 October 2020. We have also considered and taken into account the votes of the SEC Change Board on the proposal. We have concluded that the identified benefits of the implementation of the modification proposal will better facilitate the achievement of the SEC Objectives⁸ and outweigh the associated costs of implementation.

Reasons for our decision

We consider this modification proposal will better facilitate SEC Objectives (b) and (g) and have a neutral impact on the other objectives.

The second General SEC Objective (b) is to enable the Licensee to comply at all times with the General Objectives of the Licensee, and to efficiently discharge the other obligations imposed upon it by this Licence.

We agree that this Objective will be better facilitated as the Proposed Solution will require DCC to provide more timely and relevant reports, as determined by its Users, on its performance against key aspects of its General Objectives. The reporting will also provide the foundation for a more effective financial incentive on DCC to deliver appropriate performance levels through the OPR, as defined in the Licence.

The seventh General SEC Objective (g) is to facilitate the efficient and transparent administration and implementation of the SEC.

We agree that this Objective will be better facilitated as the more timely and relevant reports on DCC performance will enable more meaningful engagement between DCC and its Users on performance issues and their resolution.

⁶ <https://smartenergycodecompany.co.uk/modifications/operational-metrics-part-2/>

⁷ The SEC Panel and Change Board are established and constituted pursuant to and in accordance with DCC Licence 22.25(a).

⁸ The Objectives in accordance with DCC Licence 22.10-22.17

Other Issues

We note that during the consultation period and at the Change Board voting stage the issues of transparency and efficiency in development, implementation and contract-change costs were once again raised by industry. We urge the DCC and its Service Providers to continually strive for efficiencies in costs and timeliness in delivering change in the SEC.

In particular for SECMP122A, the breakdown of costs was described as inadequate by CB members for their requirements, even following several requests for further clarification. The ongoing costs associated with the production of the monthly performance reports were only fully understood at the Change Board vote, and then was only verbally explained by DCC. It was, for example, not explained within the FMR documentation that the ongoing costs would have a year on year efficiency savings applied or that the ongoing staffing costs, and efficiencies, would be subject to the annual DCC Price Control Review. These omissions could have inadvertently jeopardised this modification's progression. We therefore encourage DCC and involved parties to ensure that the relevant information is transparently shared and discussed from early stages of the process.

We do not expect the modification process to be inhibited by inefficient delivery of Impact Assessments, incomplete information or other issues which can be mitigated against. This process should be an opportunity for a transparent, comprehensive and open debate on how best to deliver a solution for an identified issue. We urge all involved parties to ensure that this standard is maintained.

Decision notice

In accordance with standard licence condition 23 of the Smart Meter Communication licence, the Authority hereby determines that modification proposal SECMP122A 'Operational Metrics' be made.

Jacqui Russell

Head of Metering and Market Operations

Signed on behalf of the Authority and authorised for that purpose