Making a positive difference
for energy consumers

This document sets out the draft Direction required to implement the one year grace period for the System Performance Transition Year in Regulatory Year 21/22. We are publishing this document as part of our January 2021 consultation on the OPR Guidance, and as part of that consultation wish to hear stakeholder views on this draft document, which we will take into account when publishing the final version of the direction in March.

To: Smart DCC Ltd

DIRECTION ISSUED BY THE GAS AND ELECTRICITY MARKETS AUTHORITY PURSUANT TO LICENCE CONDITION 38.9 OF THE SMART METER COMMUNICATION LICENCE GRANTED PURSUANT TO SECTION 7AB(2) AND (4) OF THE GAS ACT 1986 AND SECTION 6(1A) AND (1C) OF THE ELECTRICITY ACT 1989 (the "Direction")

WHEREAS

1. The company to whom this Direction is addressed (the "Licensee") holds a Smart Meter Communication Licence pursuant to section 7AB(2) and (4) of the Gas Act 1986 and section 6(1A) and (1C) of the Electricity Act 1989 (the "Licence").

2. The Gas and Electricity Markets Authority (the "Authority"[1]) has the power pursuant to condition 38.9 of the Licence to develop and amend the provisions of Schedule 4 of the Licence by giving a direction.

3. The Authority has complied with the requirements of Part C of condition 38 by consulting with the Licensee, the SEC Panel and SEC Parties.

NOW THEREFORE

4. The Authority hereby directs that Schedule 4 be developed and amended as set out in the Appendix to this Direction.

5. This Direction shall take effect on 1 April 2021.

6. This Direction replaces the Direction issued on 28 October 2020[2].

[1] The terms "we", "us", "our", "Ofgem" and "the Authority" are used interchangeably in this document and refers to the Gas and Electricity Markets Authority. Ofgem is the office of the Authority.
[2] See Direction published on 28 October 2020:
https://www.ofgem.gov.uk/system/files/docs/2020/10/opr_review_direction_0.pdf

7. The following documents constitute notice pursuant to section 49A of the Electricity Act 1989 and section 38A of the Gas Act 1986:

    a) This Direction
    b) October 2020 Decision on DCC's Operational Performance Regime (OPR)
    c) May 2020 Consultation on the Implementation of the OPR
    d) January 2021 Consultation on the OPR Guidance
    e) March 2021 Decision on the OPR Guidance

These documents are available on the Ofgem website: www.ofgem.gov.uk

Dated: XX.03.2021

Rachel Clark

Deputy Director, Retail Systems Transformation

Authorised for that purpose by the Authority

APPENDIX – MODIFICATIONS TO SCHEDULE 4 OF THE LICENCE

Form of the OPR

1. The formula for the OPR given in the Licence,

   $BMOPA_t$ = [SUM 1-4] + [SDM 1-4] + [DIM 1-4] + [VMM 1-4][3]

   will take the form

   $BMOPA_t = SDM1_t + SDM2_t + SDM3_t + SDM4_t + VMM1_t + VMM2_t$

   The performance measures to be included under the OPR from RY2022/23 onwards are as follows:

   SUM 1 = Service Availability

   SUM 2 = Firmware Management

   SDM 1 = Install and Commission

   SDM 2 = Prepayment

   SDM 3 = Change of Supplier

   VMM 1 = Customer Engagement Incentive

   VMM 2 = Contract Management Incentive

   The performance measures to be included under the OPR in the Transition Year RY2021/22 are as follows:

   SUM 1= DCC Service Desk

   SUM 2 = Communication Hubs

   SDM 2= Core Service Requests

   SDM 3 = Service/ system availability

   VMM 1 = Customer Engagement Incentive

   VMM 2 = Contract Management Incentive

[3] As given in Part C of Licence Condition 38.8.

2. The following describes how the Authority will determine the value of each of these performance measures to be made with respect to the DCC's performance. In accordance with Licence Condition 38.9 the Authority may publish guidance (the "OPR Guidance") regarding the process, procedures and criteria used to determine the value of the terms applied in the BMOPA calculation described in this direction.

3. Section A sets out how the Authority will determine the OPR performance for measures SUM 1-2, SDM 1-3 and VMM 1-2 from RY2022/23 onwards. Section A is outlined on pages 4-11.

4. Section B sets out how the Authority will determine the OPR performance for measures SUM 1-2, SDM 2-3 and VMM 1-2 in the Transition Year. Section B is outlined on pages 12-22.

5. Note, this Direction employs the term $R(OPR)_t$ to denote the amount of revenue at risk against the OPR, which is set to the value of $BM(OPR)_t$. The Authority will further consult on the process for amending this term in 2021.

Section A - Definitions

6. The variables used in section A of this direction are defined below:

ACW_{cmt} = The weighting given to assessment criteria *c* for performance measure *m* for Regulatory Year *t*

$BM(OPR)_t$ = amount of BM at risk against OPR (this excludes BM associated with BM Project Performance Adjustment Scheme) for Regulatory Year *t*

$R(OPR)_t$ = the amount of revenue at risk for Regulatory Year t of the OPR

G_{gmt} = The weighting given to meter generation *g* for Regulatory Year *t* (as outlined in the OPR Guidance)

M_{rgt} = The margin deducted for measure *m* in region *r* for meter generation *g*, and for Regulatory Year *t*

MPL_{rgmt} = Minimum Performance Level for region *r* for meter generation *g* for measure *m* for Regulatory Year *t*

$MPLI_{rgmt}$ = Minimum Performance Level Incentive. The retained revenue at risk for measure *m* by reaching the minimum performance level for region *r for* meter generation *g* for Regulatory Year *t*

PMW_{mt} = Performance Measure Weighting for measure *m* for Regulatory Year *t* (proportion of BM(OPR) allocated to measure m, as outlined in the OPR Guidance)

RPL_{rgmt} = Reported Performance Level for region *r* for meter generation *g* for measure *m* for Regulatory Year *t*

TPL_{rgmt} = Target Performance Level for region *r for* meter generation *g* for measure *m* for Regulatory Year *t*

$TPLI_{rgmt}$ = Target Performance Level Incentive. The retained revenue at risk for measure *m* by reaching the target performance level for region *r* for meter generation *g* for Regulatory Year *t*

TZ_{mt} = The target score for performance measure *m* for Regulatory Year *t* (as defined in the OPR Guidance)

X_{rgmt} = The Performance Level at which retained revenue at risk reaches its minimum value for region *r* for meter generation *g* for measure *m* for Regulatory Year *t* (as outlined in the OPR Guidance)

XI_{rgmt} = The retained revenue at risk for region *r* for meter generation *g* for measure *m* for Regulatory Year *t* (as defined in the OPR Guidance) for performance at or below performance level X

Y_{rgmt} = The proportion of the TPLI retained at MPL for region *r* for meter generation *g* for measure *m* for Regulatory Year *t* (as outlined in the OPR Guidance)

Z_{cmt} = The score attained for assessment criteria *c* for performance measure *m* for Regulatory Year *t* (as outlined in the OPR Guidance)

Where *r* is a region (ie r ∈ {N,C,S}), *g* is a meter generation (ie g ∈ {S1,S2}), *m* is a performance measure (ie m ∈ {SDM 1-4, VMM 1-2}), *c* is the assessment criteria (as defined in the OPR Guidance), *z* is the score attained (ie z ∈ {0-TZ}) and *t* is the Regulatory Year.

Section A - General formulae

7. In general the following formulae apply for measures SUM 2 and SDM 1-3 from RY2022/23:

I. $R(OPR)_t = BM(OPR)_t$

II. $TPLI_{mt} = PMW_{mt} \times BM(OPR)_t$

III. $TPLI_{gmt} = G_{gmt} \times TPLI_{mt}$

If *g* = S2,

IV. $TPLI_{rgmt} = TPLI_{gmt} / 3$

V. $MPLI_{rgmt} = Y_{rgmt} \times TPLI_{rgmt}$

VI. $XI_{rgmt} = - 0.5 \times TPLI_{rgmt}$

VII. For the determination of M_{rgt}:

a. If $RPL_{rgmt} > TPL_{rgmt}$ then M_{rgt} = Zero

b. If $MPL_{rgmt} \leq RPL_{rgmt} \leq TPL_{rgmt}$ then:

$$M_{rgt} = -\left[1 - \left[\left(RPL_{rgmt} - MPL_{rgmt}\right)/\left(TPL_{rgmt} - MPL_{rgmt}\right)\right]\right] \times \left[TPLI_{rgmt} - MPLI_{rgmt}\right]$$

c. If $X_{rgmt} \leq RPL_{rgmt} < MPL_{rgmt}$ then:

$$M_{rgt} = -TPLI_{rgmt} + \left[1 - \left[\left(RPL_{rgmt} - X_{rgmt}\right)/\left(MPL_{rgmt} - X_{rgmt}\right)\right]\right] \times XI_{rgmt}$$

d. If $RPL_{rgmt} < X_{rgmt}$ then $M_{rgt} = -TPLI_{rgmt} + XI_{rgmt}$

VIII. $M_{S2,t} = \max[M_{N,S2,t} + M_{C,S2,t} + M_{S,S2,t}, -TPLI_{S2,mt}]$

If g = S1,

IX. For the determination of M_{gt}:

a. If $RPL_{gmt} > TPL_{gmt}$ then M_{gt} = Zero

b. If $MPL_{gmt} \leq RPL_{gmt} \leq TPL_{gmt}$ then:

$$M_{gt} = -\left[1 - \left[\left(RPL_{gmt} - MPL_{gmt}\right)/\left(TPL_{gmt} - MPL_{gmt}\right)\right]\right] \times \left[TPLI_{gmt} - MPLI_{gmt}\right]$$

X. If $RPL_{gmt} < MPL_{gmt}$ then $M_{gt} = -TPLI_{gmt}$

XI. $M_t = \Sigma_g(M_{gt})$

8. In general the following formulae apply for measure SUM1:

I. $R(OPR)_t = BM(OPR)_t$

II. $TPLI_{mt} = PMW_{mt} \times R(OPR)_t$

a. If $RPL_{mt} > TPL_{mt}$ then M_t = Zero

b. If $MPL_{mt} \leq RPL_{mt} \leq TPL_{mt}$ then:

$$M_t = -\left[1 - \left[\left(RPL_{mt} - MPL_{mt}\right)/\left(TPL_{mt} - MPL_{mt}\right)\right]\right] \times \left[TPLI_{mt} - MPLI_{mt}\right]$$

c. If $RPL_{mt} < MPL_{mt}$ then $M_t = -TPLI_{mt}$

9. In general the following formulae apply for measures VMM 1-2:

I. $R(OPR)_t = BM(OPR)_t$

II. $TPLI_{mt} = PMW_{mt} \times BM(OPR)_t$

III. $Z_{mt} = \Sigma_c(Z_{cmt} \times ACW_{cmt})$

IV. $M_t = -[1 - (Z_{mt} / TZ_{mt})] \times TPLI_{mt}$

Section A - Performance Measures

The boxes below provide the definitions of each performance measure (m) to which the approach outlined above is applied.

SDM1 – Install and Commission: DCC is incentivised to ensure that all DCC services required in the install and commission of a smart meter are provided at a sufficient quality.

Algebraic term: $M_t = SDM1_t$

OPR performance measure methodology: The SEC CPM (Code Performance Measure) [TBD] averaged across months for the Regulatory Year, as specified in the Regulatory Instructions and Guidance.

Value of term: The value of $SDM1_t$ is calculated in accordance with the general formulae outlined in paragraph 4, using the following values for the variables:

TPL_{SDM1t} = Target Performance Level for $SUM1_t$ equivalent to the target service levels for SEC CPM (Code Performance Measure) [TBD] at the beginning of *t*, combined as reflected in the OPR performance measure methodology set out in the RIGs.

MPL_{SDM1t} = Minimum Performance Level for $SUM1_t$ equivalent to the minimum service levels for SEC CPM (Code Performance Measure) [TBD] at the beginning of *t*, combined as reflected in the OPR performance measure methodology set out in the RIGs.

RPL_{SDM1t} = Reported Performance Level for $SUM1_t$ – is equal to the actual performance level for $SDM1_t$ as reported to Ofgem by 31 July following the end of Regulatory Year *t*

This performance measure is only applicable to SMETS2 meters ie for the calculation of $SDM1_t$, $g \in \{S2\}$.

SDM2 – Prepayment: DCC is incentivised to ensure that prepayment top ups are successfully made to devices.

Algebraic term: $M_t = SDM2_t$

OPR performance measure methodology: The SEC CPM (Code Performance Measure) [TBD] averaged across months for the Regulatory Year, as specified in the Regulatory Instructions and Guidance.

Value of term: The value of $SDM2_t$ is calculated in accordance with the general formulae outlined in paragraph 4, using the following values for the variables:

TPL_{SDM2t} = Target Performance Level for $SDM2_t$ equivalent to the target service levels for SEC CPM (Code Performance Measure) [TBD] at the beginning of *t*, combined as reflected in the OPR performance measure methodology set out in the RIGs.

MPL_{SDM2t} = Minimum Performance Level for $SDM2_t$ equivalent to the target service levels for SEC CPM (Code Performance Measure) [TBD] at the beginning of *t*, combined as reflected in the OPR performance measure methodology set out in the RIGs.

RPL_{SDM2t} = Reported Performance Level for $SDM2_t$ – is equal to the actual performance level for $SDM2_t$ as reported to Ofgem by 31 July following the end of Regulatory Year *t*.

SDM3 – Firmware Management: DCC is incentivised to ensure that firmware payload images are successfully delivered to communication hubs.

Algebraic term: $M_t = SDM3_t$

OPR performance measure methodology: The SEC CPM (Code Performance Measure) [TBD] averaged across months for the Regulatory Year, as specified in the Regulatory Instructions and Guidance.

Value of term: The value of $SDM3_t$ is calculated in accordance with the general formulae outlined in paragraph 4, using the following values for the variables:

TPL_{SDM3t} = Target Performance Level for $SDM3_t$ equivalent to the target service levels for SEC CPM (Code Performance Measure) [TBD] at the beginning of *t*, combined as reflected in the OPR performance measure methodology set out in the RIGs.

MPL_{SDM3t} = Minimum Performance Level for $SDM3_t$ equivalent to the target service levels for SEC CPM (Code Performance Measure) [TBD] at the beginning of *t*, combined as reflected in the OPR performance measure methodology set out in the RIGs.

RPL_{SDM3t} = Reported Performance Level for $SDM3_t$ – is equal to the actual performance level for $SDM2_t$ as reported to Ofgem by 31 July following the end of Regulatory Year *t*.

SDM4 – Service Availability: DCC is incentivised to ensure full availability of the total service including the DCC User Interface, Registration Data Interface, SMKI Repository Interface, SMKI Service Interfaces, and Self-Service Interface.

Algebraic term: $M_t = SDM4_t$

OPR performance measure methodology: The SEC CPM (Code Performance Measure) [TBD] averaged across months for the Regulatory Year, as specified in the Regulatory Instructions and Guidance.

Value of term: The value of $SDM4_t$ is calculated in accordance with the general formulae outlined in paragraph 4, using the following values for the variables:

TPL_{SDM4t} = Target Performance Level for $SDM4_t$ equivalent to the target service levels for SEC CPM (Code Performance Measure) [TBD] at the beginning of *t*, combined as reflected in the OPR performance measure methodology set out in the RIGs.

MPL_{SDM4t} = Minimum Performance Level for $SDM4_t$ equivalent to the target service levels for SEC CPM (Code Performance Measure) [TBD] at the beginning of *t*, combined as reflected in the OPR performance measure methodology set out in the RIGs.

RPL_{SDM4t} = Reported Performance Level for $SDM4_t$ – is equal to the actual performance level for $SDM2_t$ as reported to Ofgem by 31 July following the end of Regulatory Year *t*.

VMM1 – Customer Engagement Incentive: DCC is incentivised to provide customer engagement of a sufficient standard.

Algebraic term: $M_t = VMM1_t$

OPR performance measure methodology: The assessment criteria and assessment process are outlined in the OPR Guidance.

Value of term: The value of $VMM1_t$ is calculated in accordance with the general formulae outlined in paragraph 5 and the OPR Guidance.

VMM2 – Contract Management Incentive: DCC is incentivised to perform contract management at a sufficient standard.

Algebraic term: $M_t = VMM2_t$

OPR performance measure methodology: The assessment criteria and assessment process are outlined in the OPR Guidance.

Value of term: The value of $VMM2_t$ is calculated in accordance with the general formulae outlined in paragraph 5 and the OPR Guidance.

Section B – Definitions

1. The variables used in Section B of this direction are defined below:

   ACW_{cmt} = The weighting given to assessment criteria *c* for performance measure *m* for Regulatory Year *t*

   $BM(OPR)_t$ = amount of BM at risk against OPR (this excludes BM associated with BM Project Performance Adjustment Scheme) for Regulatory Year *t*

   $R(OPR)_t$ = the amount of revenue at risk for Regulatory Year t of the OPR

   M_t = The margin deducted for measure *m* for Regulatory Year *t*

   TPLmt = Target Performance Level for measure *m* for Regulatory Year *t*

   MPLmt= Minimum Performance Level for measure *m* for Regulatory Year *t*

   RPLmt= Reported Performance Level for measure *m* for Regulatory Year *t*

   PMWmt= Performance Measure Weighting for measure *m* for Regulatory Year *t*

   TPLImt=Target Performance Level Incentive. The retained revenue at risk allocated to this measure for reaching the target performance level for this measure.

   $MPLI_{mt}$= Minimum Performance Level Incentive. The retained revenue at risk allocated to this measure for reaching the minimum performance level for this measure.

   TZ_{mt} = The target score for performance measure *m* for Regulatory Year *t* (as defined in the OPR Guidance)

   Z_{cmt} = The score attained for assessment criteria *c* for performance measure *m* for Regulatory Year *t* (as outlined in the OPR Guidance)

   Where m equals the value of the specific performance measure in question (eg SUM 1-2, SDM 1-3, VMM 1-2) and t is the Regulatory Year.

2. The Transition Year shall be RY2021/22.

Section B - General formulae

3. In general the following formula applies to the determination of m_t for SDM 2-3 and SUM 1-2 during the Transition Year RY2021/22:

   I. If RPL ≥ TPL then M_t= Zero

   II. If RPL < MPL then $M_t = - TPLI_{mt}$

   III. If RPL = MPL then $M_t =- (TPLI_{mt}-MPLI_{mt})$

   IV. IV. If MPL < RPL < TPL then:

   $M_t = - [1-[(RPL_{mt} -MPL_{mt})/(TPL_{mt} - MPL_{mt})]]*[TPLI_{mt} - MPLI_{mt}]$

4. In general the following formulae apply for measures VMM 1-2 during the Transition Year RY2021/22:

   I. $R(OPR)_t = BM(OPR)_t$

   II. $TPLI_{mt} = PMW_{mt} \times R(OPR)_t$

   III. $Z_{mt} = \Sigma_c(Z_{cmt} \times ACW_{cmt})$

   IV. $M_t = - [1 - (Z_{mt} / TZ_{mt})] \times TPLI_{mt}$

Section B - Performance Measures

The boxes below provide the definitions of each performance measure (m) to which the approach outlined above is applied.

SUM1 – DCC service desk: DCC is incentivised to provide a high quality service to Users through the resolution of incidents in a timely and efficient manner.

Algebraic term: $M_t = SUM1_t$

OPR performance measure methodology: Percentage of 1-5 incidents which met the DCC Target Resolution Time over a year, calculated as specified in the amended DCC Regulatory Instructions and Guidance.

Amount of term: The amount of $SUM1_t$ is calculated in accordance with the general formulas outlined at para 4, using the following values for the variables:

TPL_{SUM1t} = Target Performance Level for $SUM1_t$ equivalent to the target service levels for SEC CPM (Code Performance Measure) 4 and 5 at the beginning of t, combined as reflected in the OPR performance measure methodology set out in the RIGs.

MPL_{SUM1t} = Minimum Performance Level for $SUM1_t$ equivalent to the minimum service levels for SEC CPM (Code Performance Measure) 4 and 5 at the beginning of t, combined as reflected in the OPR performance measure methodology set out in the RIGs.

RPL_{SUM1t} = Reported Performance Level for $SUM1_t$ – is equal to the actual performance level for $SUM1_t$ as reported to Ofgem by 31 July following the end of Regulatory Year t

$TPLI_{SUM1t} = BM(OPR)_t \times PMW_{SUM1t}$

Where $BM(OPR)_t$ is the amount of BM at risk against the OPR in regulatory year t, and $PMW_{SUM\ 1t}$ is the figure aligned to SUM1 and RY_t in table 1.

$MPLI_{SUM1t} = TPLI_{SUM1t} \times Y_{SUM1t}$

Where $Y_{SUM\ 1t}$ is the proportion of $TPLI_{mt}$ the Licensee is awarded for meeting MPL_{mt} and is equal to the figure aligned to SUM1 and RY_t in table 2.

SUM2 – Communication Hubs: DCC is incentivised to ensure Communication Hubs are delivered on a timely basis, and are not faulty.

Algebraic term: $M_t = SUM2_t$

Where $SUM2_t = SUM2a_t + SUM2b_t + SUM2c_t$

SUM2a – Communication Hubs Delivery: DCC is incentivised to ensure Communication Hubs are delivered on a timely basis.

Algebraic term: $M_t = SUM2a_t$

OPR performance measure methodology: Percentage of Communications Hubs delivered on time, as specified in the amended DCC Regulatory Instructions and Guidance.

Amount of term: The amount of $SUM2a_t$ is calculated in accordance with the general formulas outlined at para 4, using the following values for the variables:

TPL_{SUM2at} = Target Performance Level for $SUM2a_t$ equivalent to the target service levels for the reported List of Communications Service Provider Performance Measures Schedule 11 Appendix 2.2 CH 1.1 at the beginning of t, combined as reflected in the OPR performance measure methodology set out in the RIGs.

MPL_{SUM2at} = Minimum Performance Level for $SUM2a_t$ equivalent to the minimum service levels for the reported List of Communications Service Provider Performance Measures Schedule 11 Appendix 2.2 CH 1.1 at the beginning of t, combined as reflected in the OPR performance measure methodology set out in the RIGs.

RPL_{SUM2at} = Reported Performance Level for $SUM2a_t$ – is equal to the actual performance level for $SUM2a_t$ as reported to Ofgem by 31 July following the end of Regulatory Year t

$TPLI_{SUM2at} = BM(OPR)_t \times PMW_{SUM2at}$

Where BM (OPR)t is the amount of BM at risk against the OPR in regulatory year t, and where PMW_{SUM2at} is the figure aligned to SUM2a and RY_t in table 1.

$MPLI_{SUM2at} = TPLI_{SUM2at} \times Y_{SUM2at}$

Where Y_{SUM2at} is the proportion of $TPLI_{nt}$ the Licensee is awarded for meeting MPL_{mt} and is equal to the figure aligned to SUM2a and RY_t in table 2.

SUM2b – Communication Hubs Quality (1): DCC is incentivised to ensure that deliveries of Communication Hubs are accepted by Users.

Algebraic term: $M_t = SUM2b_t$

OPR performance measure methodology: Percentage of Communications Hubs accepted by DCC service users, as specified in the amended DCC Regulatory Instructions and Guidance.

Amount of term: The amount of $SUM2b_t$ is calculated in accordance with the general formulas outlined at para 4, using the following values for the variables:

TPL_{SUM2bt} = Target Performance Level for $SUM2b_t$ equivalent to the target service levels for the reported List of Communications Service Provider Performance Measures Schedule 11 Appendix 2.2 CH 1.2 at the beginning of t, combined as reflected in the OPR performance measure methodology set out in the RIGs.

MPL_{SUM2bt} = Minimum Performance Level for $SUM2b_t$ equivalent to the minimum service levels for the reported List of Communications Service Provider Performance Measures Schedule 11 Appendix 2.2 CH 1.2 at the beginning of t, combined as reflected in the OPR performance measure methodology set out in the RIGs.

RPL_{SUM2bt} = Reported Performance for $SUM2b_t$ – is equal to the actual performance level for $SUM2b_t$ as reported to Ofgem by 31 July following the end of Regulatory Year t.

$TPLI_{SUM2bt} = BM(OPR)_t \times PMW_{SUM2bt}$

Where $BM(OPR)_t$ is the amount of BM at risk against the OPR in regulatory year t, and where PMW_{SUM2bt} is the figure aligned to SUM2b and RY_t in table 1.

$MPLI_{SUM2bt} = TPLI_{SUM2bt} \times Y_{SUM2bt}$

Where Y_{SUM2bt} is the proportion of $TPLI_{mt}$ the Licensee is awarded for meeting MPL_{mt} and is equal to the figure aligned to SUM2b and RY_t in table 2.

SUM2c – Communication Hubs Quality (2): DCC is incentivised to minimise the occurrences of Communications Hubs being discovered as faulty at installation.

Algebraic term: $M_t = SUM2c_t$

OPR performance measure methodology: Percentage of Communications Hubs not faulty at installation, as specified in the amended DCC Regulatory Instructions and Guidance.

Amount of term: The amount of $SUM2c_t$ is calculated in accordance with the general formulas outlined at para 4, using the following values for the variables:

TPL_{SUM2ct} = Target Performance Level for $SUM2c_t$ equivalent to the target service levels for the reported List of Communications Service Provider Performance Measures Schedule 11 Appendix 2.2 CH 1.3 at the beginning of t, combined as reflected in the OPR performance measure methodology set out in the RIGs.

MPL_{SUM2ct} = Minimum Performance Level for $SUM2c_t$ equivalent to the minimum service levels for the reported List of Communications Service Provider Performance Measures Schedule 11 Appendix 2.2 CH 1.3 at the beginning of t, combined as reflected in the OPR performance measure methodology set out in the RIGs.

RPL_{SUM2ct} = Reported Performance Level for $SUM2c_t$ – is equal to the actual performance level for $SUM2c_t$ as reported to Ofgem by 31 July following the end of Regulatory Year t

$TPLI_{SUM2ct} = BM(OPR)_t \times PMW_{SUM2ct}$

Where $BM\ (OPR)_t$ is the amount of BM at risk against the OPR in regulatory year t, and where $PMW_{SUM\ 2ct}$ is the figure aligned to SUM2c and RY_t in table 1.

$MPLI_{SUM2ct} = TPLI_{SUM2ct} \times Y_{SUM2ct}$

Where Y_{SUM2ct} is the proportion of $TPLI_{mt}$ the Licensee is awarded for meeting MPL_{mt} and is equal to the figure aligned to SUM2c and RY_t in table 2.

SDM2 – Core Service Requests: DCC is incentivised to ensure that communications are reliable and that Users receive an efficient service.

Algebraic term: $M_t = SDM2_t$

OPR performance measure methodology: Percentage of service responses delivered within the applicable Target Response Time, as specified in the amended DCC Regulatory Instructions and Guidance.

Amount of term: The amount of SDM2 is calculated in accordance with the general formulas outlined at 4, using the following values for the variables:

TPL_{SDM2t} = Target Performance Level for $SDM2_t$ equivalent to the target service levels for SEC CPM (Code Performance Measure) 1, 2 and 3 at the beginning of t, combined as reflected in the OPR performance measure methodology set out in the RIGs.

MPL_{SDM2t} = Minimum Performance Level for $SDM2_t$ equivalent to the minimum service levels for SEC CPM (Code Performance Measure) 1, 2 and 3 at the beginning of t, combined as reflected in the OPR performance measure methodology set out in the RIGs.

RPL_{SDM2t} = Reported Performance Level for $SDM2_t$ – is equal to the actual performance level for $SDM2_t$ as reported to Ofgem by 31 July following the end of Regulatory Year t

$TPLI_{SDM2t} = BM(OPR)_t \times PMW_{SDM2t}$

Where $BM(OPR)_t$ is the amount of BM at risk against the OPR in regulatory year t, and where PMW_{SDM2t} is the figure aligned to SDM2 and RY_t in table 1.

$MPLI_{SDM2t} = TPLI_{SDM2t} \times Y_{SDM2t}$

Where Y_{SDM2t} is the proportion of $TPLI_{mt}$ the Licensee is awarded for meeting MPL_{mt} and is equal to the figure aligned to SDM2 and RY_t in table 2.

SDM3 – Availability of Systems and Services: DCC is incentivised to ensure that systems and services are reliable for Users.

Algebraic term: $M_t = SDM3_t$

OPR performance measure methodology: Percentage availability of: Data Service; User Gateway; Service Management System; and Self Service Interface, as specified in the amended DCC Regulatory Instructions and Guidance.

Amount of term: The amount of SDM3 is calculated in accordance with the general formulas outlined at para 4, using the following values for the variables:

TPL_{SDM3t} = Target Performance Level for $SDM3_t$ equivalent to the target service levels for the reported List of Data Service Provider Performance Measures Schedule 2.2 Performance Measure 2.1-2.4 at the beginning of t, combined as reflected in the OPR performance measure methodology set out in the RIGs.

MPL_{SDM3t} = Minimum Performance Level for $SDM3_t$ equivalent to the minimum service levels for the reported List of Data Service Provider Performance Measures Schedule 2.2 Performance Measure 2.1-2.4 at the beginning of t, combined as reflected in the OPR performance measure methodology set out in the RIGs.

RPL_{SDM3t} = Reported Performance Level for $SDM3_t$ – is equal to the actual performance level for $SDM3_t$ as reported to Ofgem by 31 July following the end of Regulatory Year t

$TPLI_{SDM3t} = BM(OPR)_t \times PMW_{SDM3t}$

Where $BM\ (OPR)_t$ is the amount of BM at risk against the OPR in regulatory year t, and where PMW_{SDM3t} is the figure aligned to SDM3 and RY_t in table 1.

$MPLI_{SDM3t} = TPLI_{SDM3t} \times Y_{SDM3t}$

Where Y_{SDM3t} is the proportion of $TPLI_{mt}$ the Licensee is awarded for meeting MPL_{mt} and is equal to the figure aligned to SDM3 and RY_t in table 2.

VMM1 – Customer Engagement Incentive: DCC is incentivised to provide customer engagement of a sufficient standard.

Algebraic term: $M_t = VMM1_t$

OPR performance measure methodology: The assessment criteria and assessment process are outlined in the OPR Guidance.

Value of term: The value of $VMM1_t$ is calculated in accordance with the general formulae outlined in paragraph 5 and the OPR Guidance.

VMM2 – Contract Management Incentive: DCC is incentivised to perform contract management at a sufficient standard.

Algebraic term: $M_t = VMM2_t$

OPR performance measure methodology: The assessment criteria and assessment process are outlined in the OPR Guidance.

Value of term: The value of $VMM2_t$ is calculated in accordance with the general formulae outlined in paragraph 5 and the OPR Guidance.

Table 1: Performance Measure Weightings for Transition Year

PMW	RY21/22
SUM1	17.5%
SUM2a	8.75%
SUM2b	4.375%
SUM2c	4.375%
SUM 3-4	0%
SDM1	0%
SDM2	17.5%
SDM3	17.5%
SDM 4	0%
DIM 1-4	0%
VMM 1	15%
VMM 2	15%

Table 2: Proportion (Y_{mt}) of Target Performance Level Incentive ($TPLI_{mt}$) the Licensee is awarded for meeting Minimum Performance Level (MPL_{mt}) in the Transition Year.

	RY21/22
SUM1	70%
SUM2a	70%
SUM2b	70%
SUM2c	70%
SDM2	70%
SDM3	70%
VMM 1-2	*Defined in the OPR Guidance*