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Re: Consultation on DCC Price Control RY19/20

Dear Anna,

Thank you for the opportunity to respond to your findings on the DCC Price Control for RY19/20. This mechanism is extremely important as it provides greater transparency of DCC costs and should drive behaviours that ensure Users are receiving value for money.

Whilst the Panel have set out responses to your consultation questions below, we would happily provide further engagement to help clarify statements, provide additional context or assist where possible in ensuring the Operational Price Regime (OPR) is achieving its aims.

It is key that Users receive both value for money and a quality service. It is therefore disappointing to note several operational issues that occurred throughout RY19/20 which means Users are not experiencing the quality of service reflective of the magnitude of costs included in this price control. These issues are detailed in the responses below.

The Panel note that the majority of costs relate to service providers. Without sight of how these service providers are managed, all we can do is note the associated costs. It is imperative to gain assurance that service provider costs are appropriately challenged, and due consideration is given to delivering the most economic and effective solutions. We welcome the upcoming changes to the OPR which should provide this oversight and provide a mechanism where compliance with SEC requirements can be assured.

We are also pleased that the proposed OPR for April 2021 and beyond will include DCC engagement as a key measure. It is essential to include engagement as part of this regime to help drive the proper behaviours. Too often engagement with SEC Parties and the Panel is sporadic, and can be construed as an afterthought, rather than a critical element of delivering a service.

During the RY19/20 it was noted by the SEC Operations Group that a number of issues may have been resolved quicker had the DCC engaged with SEC Panel/ Sub Committees at an earlier stage. For example, SMETS1 migration approval proved particularly difficult due to the lack of a coherent process and an understanding from the DCC as to the needs of the individual Sub Committees. Equally, better engagement and transparency concerning CH Returns would have made the issues surrounding the CH Returns process easier to manage.

Whilst engagement has improved, it is still unnecessarily difficult to get a clear engagement plan and lessons do not seem to be learned from past attempts. We note the intent to run a trial period for the RY20/21 in Spring 2021. In effect, this will provide a benchmark to show where engagement can be improved for the RY21/22 price control. Since this work is imminent, and because engagement is not part of the current OPR, we will not detail engagement issues in this response. However, the frustration at poor engagement, and the direct impact it can have on services and SEC Parties, should be duly noted. We look forward to helping improve this in due course.

If you would like to discuss this further, please do not hesitate to contact myself or the SECAS team on 020 7090 7755 or SECAS@gemserv.com.

Yours sincerely,

Peter Davies

SEC Panel Chair

Question 1: What are your views on our proposal to consider External Costs as economic and efficient?

The SEC Panel does not have the visibility of the commercial arrangements to confirm if DCC has adequately applied good contract management practice, and therefore if the costs incurred under “External Costs” can be considered economic and efficient. Indeed, we note Ofgem’s continued concerns over DCC’s contract management and welcome the imminent changes to the OPR that will provide greater scrutiny over how contracts are managed. We hope this will help provide greater certainty that the large costs associated with Service Providers are delivering value for money and appropriate challenge and oversight has been applied.

Whilst it is difficult to evaluate these costs based on how the contracts have been managed, consideration can be given to the quality delivered by the Service Providers during this period. In fact, a key measure in assessing if costs are economic and efficient should be the quality of services provided. With this in mind, it is prudent to highlight issues regarding the service received during the RY19/20. The Panel’s response to Question 8 of this consultation sets out these issues, and for the sake of brevity they have not been repeated here. However, we encourage Ofgem to consider how the issues highlighted in responses below reflect upon the costs incurred by Service Providers. It must be ensured that costs associated with the management of Service Providers yield a high standard of service for Users. This is especially true considering the magnitude of the DCC budget apportioned to External Costs.

We also note the External Costs include those costs relating to the delivery of change. We do not consider these costs to be economic or efficient. It has been a perennial issue that the cost to assess and deliver change is high and often unsubstantiated. The SEC Panel are continuing to struggle to receive transparency over the costs to deliver modifications and satisfactory assurance that the costs are appropriately challenged. Equally, the timescales to assess and implement change are intolerable. We believe that until there is appropriate revenue at stake the issues surrounding progression and delivery of Modifications will not improve.

Overall, we note Ofgem’s concerns around DCC contract management and support the views expressed in the findings. We are glad to see the new OPR measures will focus more on outcome-based metrics and provide an independent audit of DCC contract management. This will allow the SEC Panel and SEC Parties greater transparency, helping to provide a more detailed response to the question of External Costs in the future. The Panel also understand and support the concerns raised around the change management areas of the contracts. Noting the additional concerns regarding the time and cost of delivering change, consideration could be given to creating a further OPR measure that centres on economic an efficient change management.

Question 2: What are your views on our proposals on DCC’s approach to benchmarking of staff remuneration for both contractor and permanent staff?

We welcome the transparency from the DCC and scrutiny by Ofgem applied in this area. We continue to believe that it is essential the DCC can recruit staff of appropriate quality and expertise when needed. However, on principle we support the decision of Ofgem to disallow revenue in areas where further transparency or action has previously been requested, and yet no action has been taken to resolve the request.

Additionally, we continue to believe that overall staffing levels are more critical to scrutinize than the benchmarking of salaries. We are pleased to note that this has been taken into consideration in later sections of the report.

Question 3: What are your views on our proposals to disallow the cost of DCC's retention scheme?

As noted above, there is a need to ensure that the DCC can recruit staff with appropriate skills and experience. It is equally important to ensure that, within reason, such staff are retained to ensure a standard of service.

However, the Panel has not seen the evidence or analysis provided to Ofgem, so defer to Ofgem's judgement in this area. It is right that such scrutiny is applied to an expense of this magnitude.

Question 4: What are your views on our proposal to disallow the incurred and forecast costs associated with the product management team?

We fully support Ofgem's position in disallowing incurred costs. It is essential DCC focus on delivering the core services at this stage of the programme. As noted above, the current DCC services are not being delivered to quality and Users are experiencing a number of issues. We would support more focus on improving basic project management and customer engagement under existing services as a priority, noting that improving this area should not be resource intensive since the Panel has already set out the engagement that is required and the process they expect to be followed. We would equally have expected this to be a basic function of DCC from the start and not require an expansion of such size this far into the contract.

We support greater engagement with parties to help deliver benefits, but would strongly counter the view that there has been sufficient engagement to date. The engagement approach for the initiatives included under Network Evolution alone has been incoherent, inconsistent and infuriating. We cannot see how there can be any justification for this spend based upon engagement in RY19/20.

The Panel also support Ofgem's decision to disallow the forecast costs. Putting aside the belief that such an expansion of this team is not required, the lack of sufficient rationale for the forecast costs means they are not credible and should not be included.

Question 5: What are your views on our proposal to disallow the forecast variance of the Commercial Operations and Vendor Management teams?

We support Ofgem's position to disallow the forecast. Without further information it is not possible to understand where such additional, not insignificant, cost is incurred. Forecasting must be based on valid and clear assumptions.

The Panel cannot see how increasing numbers of SEC Modifications would impact this section. Firstly, the number of Modifications should have been considered and taken into account previously; since whilst the numbers have been high, they have been consistent. Equally, we would expect some form of contract change management to exist in the DCC as a core service. Such an increase at this point suggests it does not.

Regarding Network Evolution as a driver for the costs, the Panel are still waiting for the necessary project briefs and plans for each of the four workstreams. Since the scope and solutions remain unclear for these workstreams, we do not see how such costs can be forecast. We would also expect such costs to be included in the Cost Benefit Analysis for each workstream as an indicator of ongoing cost.

Question 6: What are your views on our proposal to disallow the incurred cost variance associated with Preston Brook?

The Panel have no comment on this.

Question 7: What are your views on our proposal to disallow all variance in forecast internal costs?

As previously stated, forecasts must be based on valid and clear assumptions. We therefore agree with Ofgem's view that this variation should not be allowed. As presented, this annual increase appears to be an arbitrary extrapolation rather than a justified estimate. We are concerned that this is the third year that DCC has attempted to gain agreement to unjustified future costs and is a theme of the RY19/20 Price Control findings.

We also agree that DCC should actively be seeking year on year efficiencies. In our view this should be increasingly achievable as operations become progressively more routine. Therefore, these saving should be reflected in any forecast.

Further, we do not support the assignment of a shared service charge purely on a pro rata basis. The annual costs are sufficiently material to be explicitly explained and justified. The adoption of a pro rata methodology would appear to mean that any increase in Internal Costs will automatically increase the Shared Service Charge allocation, regardless of the service provided. Circa £8,000,000 per annum for "HR tools, property services, payroll, IT and senior management input" seems excessive. Furthermore, consideration should be given to this figure since DCC made a submission under the Baseline Margin to bring IT infrastructure in house. Including a sum for such infrastructure in internal costs and again in the Baseline Margin submission is double accounting.

Question 8: What are your views on our proposed position on DCC's operational performance?

As noted in earlier responses, the view of the SEC Panel is that there were a number of material issues with the quality of the services provided in the RY19/20. It is prudent to set those issues out in this section for completeness. We have also included further detail in an attachment to this response. The attachment sets out detail of operational matters in terms of Service Quality, Customer Engagement and Contract Management and should be read in conjunction with a response to this question.

In summary, there were some successes and improvements in the Year. However, it was very disappointing that in a significant number of areas shortfalls in performance persisted. It would have been reasonable to suppose that a full and reliable service would have been delivered through the Year. This was not the case, even by year end.

The operational matters include:

- **Service Stability**

  There were eight Major Category 1 Incidents in the period impacting DCC Service Users. The total outage for the incidents was 2503 minutes, c.42 hours. Three of these incidents were attributable to CSP services (two in CSPN and one in CSPC&S). The further five incidents were attributable to DSP services.

  Additionally, 44 Category 2 Incidents occurred within the 19/20 Regulatory Year of which five related to SMETS1 Service provision. These SMETS1 incidents not only impact the migration, adoption and enrolment of SMETS1 metering systems, but also supplier and consumers ability to utilise the information and services from these installed assets.

Each of these incidents impacts Service Users. Not just the time lost due to the services being unavailable, but the further knock on impact in getting installations complete. This includes rearranging customer appointments and disruption for Consumers. During the period in questions there was a low level of traffic on the network, compare to that expected when rollout has completed. SEC Parties were not expecting to be experiencing this number of Major Incidents.

- **Incident Management**

  The DCC provides a series of reports to Panel once an Incident has occurred. These reports are scrutinised by the Sub Committees to ensure appropriate steps have been taken to resolve issues, and that lessons have been learnt and are being applied to avoid future reoccurrence. Throughout the period issues arose concerning the categorisation of Incidents and the level of engagement with Parties when an Incident is ongoing. Considerable effort has been spent over time trying to improve DCC communications in this area. Parties should clearly know when an Incident has occurred, and when it has been resolved, so that they can restart their installations.

- **CSPN**

  CSPN failed to report correctly during the Regulatory Year period. Whilst this has only come to light during this year, the failure spans the period May 2018 – June 2020. This shows a lack of contract management and oversight on the part of the DCC. The accuracy of such operational reporting is critical so that industry can be assured that the level of performance is at the right standard.

  The CSPN operational performance has been poor throughout the RY period. A remediation plan was proposed and accepted by the OPSG in December 2019. However, issues persist and there has been a general lack of progress for the remainder of the Regulatory Year and beyond to address the problems. As a result, the OPSG does not believe appropriate attention and effort has been applied by the CSPN to address the service failings and to deliver the rectifications per the agreed remediation plan.

- **Service Quality**

  During the RY the DCC SEC Performance Measurement reports have been consistently below Target in all regions and particularly poor for the CSPN region. For 8 months of the RY the CSPN failed to meet its minimum performance target in respect of firmware Upgrades. For the remaining 4 months of the year the service did not meet or exceed the Target performance level.

  In CSPC&S a similar performance level was experienced, with 4 months where service was below minimum and a further 4 months where service failed to meet or exceed target service levels.

- **Planned and Unplanned maintenance approach**

  Following discussions with the OPSG, the DCC sought agreement from the Panel and trialled a new approach to Planned and Unplanned maintenance. The trial began at the on 1st April 2019. SEC Parties reported the trial had largely been a success and that culminated in a modification being raised by the DCC in October 2019 to formalise the trial. Whilst the changes to Planned and Unplanned Maintenance were most welcome, and the DCC should receive credit for the initiative in this area, the Modification has yet to be implemented. The main reason being DCC did not return a preliminary assessment of the Modification until June 2020.

- **CH Returns**

  There remain unresolved issues with the returns process for DCC Communications Hubs and the reporting processes. During the RY 19/20 only a small number of CHs returned by Suppliers were triaged by CSPs, and the reporting underpinning this to Panel was deemed not fit for purpose. Users have expressed extreme frustration that the CH Returns process does not meet the SEC requirements for CH returns and fails to meet User needs. This is another failure of contract management by the DCC. This has been failing since CH were first installed (2016/7 onwards) and has not been adequately resolved to date.

- **CH Exceptions**

  The DCC continues to call out Communication Hub exceptions in its monthly reporting where these do not appear to be based on fact or reason. There is a real lack of challenge by the DCC upon the CSP Service Providers both North and Central and South, where data is simply passed through with no apparent scrutiny applied by the DCC. This leads to incorrect reporting, and unnecessary discussion when reviewing the reports.

- **SMETS1 migrations**

  After some initial problems SMETS1 migrations commenced within the RY19/20. Small volumes were only possible for some considerable time due to DCC system issues. A considerable amount of Panel and committee time was spent in the RY period seeking assurance from the DCC as to when volumes could safely increase, whilst avoiding any operational impacts for SEC Parties and end Consumers alike. Whilst numbers have now increased, they are by no means close to the scale of what was expected.

  It should also be noted that a considerable amount of sub-committee time has been expended in getting the DCC to adhere to a suitable process, and provide a suitable level of detail, to enable an appropriate level of oversight and assurance by the sub-committees. This was required in order that suitable statements could be provided to the Panel to inform BEIS, on the proposed go / no go as to the Live Service Criteria.

- **BCDR Tests failure**

  The Business Continuity Disaster Recovery (BCDR) testing failed to complete first time, although it should be noted that some elements of the BCDR test were successful (CSP C&S initial Failover and Failback were successfully completed, but CSPN were not). However, this is the second year in a row the BCDR test has failed to successfully complete first time for SMETS2 services.

  There remains low confidence that should a true BCDR event occur, the DCC would be able to fail over and fail back its services without severely impacting DCC Users and in turn impacting Consumers. This is critical for Prepayment customers who rely on fully operational services.

  Whilst the DCC engaged well with the OPSG, there was considerable difficulty getting acceptance that the re-tests, and future tests, should be undertaken when installation activity is low e.g. Sundays and bank holiday weekends. It was with some reluctance that the DCC agreed to carry out the re-tests over May Bank Holiday weekend. Further concerns were voiced that the planned tests in early March/April 2019 would only cover SMETS2 services.

DCC undertook SMETS1 BCDR tests in Autumn 2019 and most services failed over and failed back within the target timescales; the DSP however took an additional 2.38 hours. A planned joint SMETS1 & SMETS2 BCDR test was scheduled to be carried out in first half Regulatory Year 2020, however, this was postponed due to Coronavirus.

- **Superfluous Alerts**

  The DCC highlighted issues with the generation of increasing volumes of superfluous alerts, which if left unchecked would have had serious implications for network traffic. The DCC demonstrated willingness and decisiveness to mitigate risk to the service by bringing forward investments in increased network capacity.

  Furthermore, DCC successfully played a key role in leading the analysis of the causes of the issues and putting in place temporary mitigations and enduring remediations. This involved coordination across Users, Service Providers and manufacturers.

- **Technical Operations Centre**

  This monitoring, analysis, and reporting capability was in operation in the Regulatory Year and proved to be very valuable. There is some feeling amongst Users that this capability should, as part of "good practice" have been in place at Go-live.

- **Operational Metrics Review Project**

  Following Panel agreement, SECAS commenced a project to review the Performance Measurement Reporting regime under the SEC. The DCC engaged well ion the initial scoping and set up phase of the project. However, the promised technical resource to support the project aspirations and outcomes were not fulfilled as expected.

- **DCC Service Provider Audits**

  As the sub committees work continued throughout the RY, a number of issues were highlighted and the DCC undertook independent audits of its Service Provider performance. The OPSG requested to see the Terms of Reference for the audits along with the audit report. The DCC provided the OPSG with audit reports but the Terms of Reference were not provided. This resulted in the scrutiny and analysis of the findings only partly useful as the context within which the questions of the service and audit was set was not shared.

These issues are not trivial and have had a significant impact on Users. We note that under the current OPR the metrics used do not take into consideration the issues outlined here. However, there needs to be a recognition the severity these issues have on the service.

We note the intend changes to the OPR and welcome the new metrics. It is intended to do a trial run of the engagement metrics in spring/summer 2021. We would also recommend a summary of operational issues for the RY20/21 are captured at the same time to provide a similar benchmark and opportunity to improve before the RY21/22.

Question 9: What are your views regarding DCC's failure to ensure all CSPs met their contractual milestones and its wider performance in the North region?

We support the view that there should be a reduction to the Baseline Margin of the full value associated with the SDM1 milestone, noting it is deeply concerning that CSP milestones have not been achieved. There has also been no transparency in the way these milestones are reported.

Performance across CSP's during the RY has been mixed. 5 Major Incidents have occurred in the period, 4 attributable to CSPN network issues and 1 for CSP C&S (further detail in Annex A). As stated above, these have real impacts on Users and we would not expect this level of major incidents with the low volume of traffic experienced in this RY period.

CSPN is a particular concern. High levels of Alerts in the region throughout the period had a detrimental impact on the performance of the CSPN. Circa 20% of all Smart meter installation were failing, and a number of measures to rectify system inadequacies have been undertaken such as retuning and reconfiguring the CSPN network. This is not good enough at this stage of the programme.

Question 10: What are your views on our proposed position on DCC's project performance

The Panel have no comment on the specific projects mentioned as part of this price control, but have included some information on DCC initiatives in Annex A. It is worth noting that to date the mechanism for the DCC launching and progressing projects is unclear and inconsistent. The Panel is undertaking a review to introduce a robust yet flexible framework to help ensure any DCC led initiatives have the right level of structure, support and engagement. Such projects are costly, and it must be ensured that proper consideration has been given to the issue that is being addressed as well as if the requirements to delver a solution are value for money. Much of this framework will underpin the Panel response regarding DCC engagement under future OPR responses, but we also believe it will add support in helping Ofgem assess success of projects as well.

Question 11: What are your views on our assessment of DCC's application to adjust its Baseline Margin?

We support Ofgem's findings in this area and agree many of the activities stated in the submission should have been foreseen and do not meet the criteria of "material changes to mandatory business".

We note the refence to Network Evolution with the inclusion of ESME Noise Rise Study and Device Emulators. These two workstreams do not form part of the Network Evolution Programme as set out by the DCC to the SEC Panel. Therefore, we do not recognise these drivers. Equally, whilst we support Ofgem's view that DSP procurement was a foreseen activity, this workstream has been included in Network Evolution. It appears that some margin has been applied for under commercial activity that relates to Network Evolution and DSP procurement. It is not clear to us what costs are associated with Network Evolution and which costs may have been double counted by having separate justifications in the submission.

We also wish to draw attention to the section on "Security Driven Changes". We note Ofgem's position to disallow the costs associated Black Swan Crisis Management and agree that, whilst we welcome improvements in DCC's crisis management, it does not represent a change in industry expectations. Equally, we do not recognise any other activities quoted within "Increased Security Requirements" that should occur the remaining costs. The activities relating to bringing DCC's IT infrastructure in-house were not due to any new or increased security requirements being introduced and should be considered activities that ought to have been in place from the outset. As such we do not believe these costs should be upheld as they were foreseeable and are not related to an increase in scope or of changing requirements. We would be happy for further discussion with the Security Sub Committee if it would prove useful.

Question 12: What are your views on our assessment of DCC's application to adjust its ECGS?

We are pleased to see that costs associated with the contracts are actively being reduced, although they remain high. It would be useful to understand if further refinancing can be achieved in the future to further reduce these costs. We would also encourage other ways to reduce service provider costs outside of refinancing. Whilst any costs savings are welcome Users need assurance that the contracts in place are efficient and economic as they can be, and the service delivered is sufficiently scrutinised.

We support Ofgem's position to disallow Relevant Adjustment associated with financing of CHs. The Panel has also struggled to receive information on the costs of CHs as part of the Network Evolution business case and cost benefit analysis. Such information is crucial in making decisions and Ofgem are right to disallow on the basis that the requested information has not been forthcoming.

Question 13: What are your views on our assessment of Delivery Milestone 1?

The Panel have no comment on this.

Annex A - Detail on Operational Matters for Regulatory Year 2019-2020

Views on operational matters have been provided below covering three sections, Service Quality, Customer Engagement and Contract Management. In summary for the RY:

- Service Quality - it was disappointing that in a number of areas shortfalls in performance persisted. It would have been reasonable to suppose that a full and reliable service would have been delivered through the Year. This was not the case, even by year end.
- Customer Engagement - There were indications that DCC recognised the need for improved customer engagement. However, this was not implemented consistently and effectively.
- Contract Management - We acknowledge DCC's assurances that they were applying firm contract management measures to Service Providers delivering poor performance, but the effectiveness (in terms of service outcomes) has varied considerably across service providers. There have, however, been some examples of where DCC have clearly improved Service Provider behaviour, quite possibly without having specific contractual levers to apply. In some areas, it appeared that DCC were not playing a sufficiently active management role, in effect passing through Service Provider submissions to SEC bodies without challenge or scrutiny.

A special notice of Covid-19 should be made. Whilst the national lockdown commenced towards the end of the Regulatory Year. DCC's response in rapidly and effectively moving to Business Continuity (BC) arrangements was exemplary, especially given the unchartered waters that the industry found itself in. DCC Communications to the OPSG on initiating and operating the BC arrangements were excellent and the DCC appears to have effectively marshalled the service providers in the rapidly implemented BC arrangements.

Topic	Area		
	Service Quality	**Customer Engagement**	**Contract Management**
Service Stability	In this response Category 1& 2 Incidents are termed "Serious" since these cause service outage or degradation for one or more Service Users. It was disappointing that, after a long period of operation since go-live, there continued to be frequent serious Incidents throughout the Year (8 Category 1 and 44 Category 2). This shortfall in stability was worst in the period August - January, with 14 such incidents experienced in January alone. Users noted that this had a material impact on their business activities, including Install & Commissioning. It was noted that themes in root causes included inadequate management and operational processes at Service Providers. It is acknowledged that the Year saw the introduction of new SMETS1 service providers, and the lack of operational maturity was possibly a factor in their performance. The frequency of serious incidents was much reduced towards the end of the year.	See "Incident Management" below.	The DCC communicated that they were fully committed to improving service provider performance, and the outcomes suggest this was successful in the latter part of the year. We believe it would have been reasonable to have insisted on improved Service Provider management and operational processes earlier in the year. If lack of operational maturity were a contributing factor to the number of incidents, this would raise the question of whether newly introduced service providers were in fact ready for live operation.
Incident Management	DCC made considerable progress in defining and improving the Incident Management process, and there was a noticeable improvement in the execution of the Incident Management Process during the year.	The DCC engaged well with the OPSG in explaining the details of the Incident Management Process. Although, there remained a difference of views between Users and DCC regarding seriousness of incidents as reflected in categorisation as "Cat 1" or "Cat 2". However, it was welcomed that DCC responded by operationally treating Cat 2 incidents in the same way as Cat 1.	No comment.

Service Quality	This commentary makes reference to the SEC/OPR metrics in place for the Regulatory Year. It is recognised that these have some shortcomings, but, nevertheless, they provide a useful indication of service performance. In any given month a great majority of the SEC target service levels were achieved, and only a few measures would be below the prescribed minimum level. Nonetheless, it was disappointing that, after a long period of operation after go-live, in no month in the Regulatory Year did DCC achieve performance above minimum targets for all the SEC measures. This indicates a material shortfall in service quality, with a consequential impact on Users. Code Performance Measures: CPM1 - 'Percentage of On-Demand Service Responses delivered within the applicable TRT' was Red (below Minimum Service Level) in 11 months. In the remaining month it was Amber (below target service level, but above Minimum Service Level). The failure was driven by PM2 'Percentage of Category 1 Firmware Payloads completed within the relevant TRT' in both Communication Service Providers. The PM was below Minimum Service Level 10 times in CSPN, with no improvement throughout the period. Performance was better in CSPC&S but still poor, being below Minimum Service Level four times and below Target Service Level a further four times. However, performance did improve toward the end of the period. CPM2 – 'Percentage of Future-Dated Service Responses delivered within the applicable Target Response Time' was Green, above Target Service Level, for the entire period. CPM 3 - 'Percentage of Alerts delivered within the applicable Target Response Time ' was Green six times and Amber six times. The underperformance occurred between July - December and	The DCC have been diligent in providing a full monthly performance Management Report to the OPSG, and in responding to queries. However, what was less apparent was explicit and proactive commitment by DCC to achieving the SEC-defined service levels.	We believe that Service Providers must be held responsible for their failures in service quality. Nonetheless, we believe that from a SEC Party perspective, the failure to achieve SEC defined service levels must also point to a shortfall in DCC contract management.

	was driven exclusively by PM 3.2, ‘Percentage of Category 3 Alerts delivered to the DCC WAN Gateway Interface within the relevant Target Response Time’. CPM 4 - ‘Percentage of Category 1 or 2 incidents resolved within the Target Resolution Time which the DCC is responsible for ’ was Green six times, Amber once and Red five times. All failures to reach Minimum Service Level occurred between August 2019 and February 2020, having begun the period attaining a 100% Service level. CPM5 - ‘Percentage of Category 3, 4 or 5 incidents resolved within the Target Resolution Time which the DCC is responsible for ’ was Green the entire period. CPM6 - ‘Percentage of On-Demand Service Responses delivered within the applicable TRT’ was Green the entire period. CPM7 - ‘Percentage of Certificates delivered within the applicable Target Response Time for the SMKI Services ’ was Green the entire period. CPM8 - ‘Percentage of documents stored on the SMKI repository delivered within the applicable Target Response Time for the SMKI Repository Service. ’ was Green was Green the entire period.		

CSPN Service	Service Quality was poor in CSPN, with Users reporting extensive impacts on their Install and Commissioning Processes and their OTA firmware downloads. Further, the Service in the Region was incomplete throughout the year, due to the unavailability of the Pre-Payment functionality. The DCC and Service Provider's repeated failure to successfully execute a remediation plan agreed with the OPSG (regarding OTA firmware delivery) was further evidence of the poor performance being delivered. The Service Provider suggested that a lack of alignment of expectations between Users on service capability (job batch sizes) and non-compliant installations contributed to the service quality shortfall. In short, Users do not accept the first of these, and the impact of the latter was not quantified. As a further indication of shortfall in quality, it has recently become apparent that a key metric for OTA Firmware Delivery (measure PM2 from the SEC measures) was reported by the Service Provider and DCC inaccurately throughout the Regulatory Year.	It is understood that DCC and the Service Provider have actively and successfully engaged with Users in non-SEC forums. However, engagement with the OPSG has been less satisfactory. Repeated failure to implement an agreed remediation plan seemed to indicate a lack of commitment to achieving SEC requirements. It may indicate that the DCC and Service Provider had a conflict in priorities, but this was not communicated to the OPSG. This was in notable contrast with the CSP Service Provider for C&S regions which actively and promptly executed a similarly agreed remediation plan.	We believe that DCC should have been firmer in pressing the Service Provider to meet SEC requirements. Since quantitative assessment of performance is an intrinsic part of Contract Management, we believe that DCC's failure to identify the erroneous reporting was a material failure and suggests a shortfall in contract oversight.
Superfluous Alerts	DCC highlighted issues with the generation of increasing volumes of superfluous alerts, which if left unchecked would have had serious implications for network traffic and, consequentially, service performance. DCC demonstrated willingness and decisiveness to mitigate risk to the service by bringing forward investments in increased network capacity. Furthermore, DCC successfully played a key role in leading the analysis of the causes of the issues and putting in place temporary mitigations and enduring remediations. This involved coordination across Users, Service Providers and manufacturers.	Engagement on this topic was very good. DCC brought the matter to the attention of the OPSG early and persevered with pressing for it to be addressed. Engagement with Users on analysis and resolution was constructive. On reporting, DCC responded to OPSG advice, eventually achieving well-structured, clear and informative communication of progress.	DCC performed very well in taking forward problem analysis and remediation work with the various Service Providers, Users, and manufacturers. This required DCC to take an end to end view, including areas where they had direct contractual leverage, and some where they did not.

Planned Maintenance	The DCC promoted and implemented a much-improved approach to planned maintenance, which brought benefits to Users in terms of reducing the need for service outages. DCC have also progressively improved the comprehensiveness and quality of their reporting on change (actual and forecast). The overall level of planned and unplanned maintenance (and hence service outages for Users) remained above the SEC allowance for Planned Maintenance (6 hours per month). it was not clear whether this reflected “normal” operational need or the essential need to correct issues.	The DCC engaged well with the OPSG to explain the new planned maintenance approach, and responded well to User input. Similarly, DCC took account of User requests for improved reporting and forecast of change (through the Forward Schedule of Change).	The DCC needed to align Service Providers with the new regime for planned maintenance and transparency on proposed changes. They have done this effectively, and it will subsequently bring benefits, not least in assurance of the quality of changes.
SMETS 1 (Readiness and Governance)	The Programme Schedule executed by DCC frequently was tight, resulting in late identification and consideration of defects. This in turn resulted in compressed decision-making timescales in the governance process. Generally, DCC took a suitably prudent approach to migrations, adopting a cautious ramp up strategy	DCC engaged as required with TAG and SSC, but initially were a little more reluctant to engage with OPSG. This was subsequently overcome, allowing systematic assessment of readiness by the OPSG to be carried out. Generally, DCC were responsive in adopting requests from the TAG, SSC, and OPSG made as part of their assessments of readiness using the Live Services Criteria.	There were some indications that new SMETS1 Service Providers might be susceptible to Incidents (52 incidents in the Regulatory Year). Whilst some such initial difficulties might be expected the number of incidents suggests a lack of full readiness for live operation. This in turn would indicate a weakness in DCC's contract management approach.
BCDR	It took a number of attempts for DCC to produce a satisfactory, comprehensive plan, with reasonable technical justification. Service Providers experienced difficulties in achieving the SEC requirements for BCDR testing execution times, frequently encountering difficulties, and sometimes requiring reruns. It was also worrying that, on a number of occasions, the systems/services did not restore properly at the end of a BCDR test.	After early difficulties, successful interaction with the OPSG was achieved (with technical advice from the TABASC Chair).	We acknowledge that DCC did seek to ensure that Service Providers execute successful BCDR tests as defined in the SEC, and that the performance of these tests improved.

Comms Hub Exceptions	CSPs are permitted to indicate that Comms Hubs not meeting requirements are designated as Exceptions and are then excluded from performance metrics. CSPs generated a large number of exceptions.	There was a lack of structured reporting to the OPSG on this topic, and the OPSG had to press for improvements	It was apparent that the submissions by CSPs were not being actively validated or challenged by DCC, with CSP submissions apparently being accepted by default. We would see validation and reasonable challenge as being a normal part of contract management.
CH Returns	The process for returning CHs did not operate successfully. It suffered from both system and process faults. Further, the process did not allow for the return of multiple CHs in one transaction ("bulk returns"). Users at the time considered the provision of this facility a reasonable interpretation of the overall SEC requirement.	Initially, DCC were not particularly responsive or sympathetic to User concerns about the difficulties of operating this process, but this attitude did improve subsequently.	*No comment*
SSI Enhancements	The SSI required extensive reengineering to make it fit for purpose. This work was first executed under interim governance arrangements, with good success. However, after transfer to the enduring arrangement, DCC was less rigorous in adhering to governance requirements.	The enduring governance required DCC to engage with the OPSG for reviews and approvals. It was disappointing that this was not systematically adhered to by DCC.	*No comment*
TOC	This monitoring, analysis, and reporting capability was in operation in the Regulatory Year and proved to be very valuable. There is some feeling amongst Users that this capability should, as part of "good practice" have been in place at Go-live.	Generally, it was clear that the TOC would seek to respond to User requests. However, it was also apparent that there were resource and technical constraints limiting the extent of that responsiveness.	*No comment*

SEC Releases	There were four DCC impacting Modifications delivered in the period, all during the November 2019 release. In September it was requested the date of the Release was moved from 7th November to 24th November since changes to the delivery timeline for the Initial Operating Capability had reduced the amount of time between major releases to allow for outstanding defects to be resolved prior to the next release going live. In October this date was moved again to 29th November after further timing issues were discovered at TAG.	A number of ad-hoc committees were requited to review large amounts of documents at short notice in order to try and hit the targeted date. As a result a lessons learnt was undertaken.	*No comment*
OPSG Interaction (general)	DCC has numerous interactions with the SEC OPSG. Specific topics are addressed in other items in this document. This item provides an overall perspective.	DCC clearly devoted considerable efforts and resources to engaging with the OPSG. In summary, the quality of these contributions was mixed. On some topics, DCC's contributions have been excellent; in others papers have been late, DCC contributors have failed to address or recognise the User perspective, or have not clearly communicated a proposed way forward.	As noted elsewhere in this list, on some topics the impression is that DCC have not been sufficiently active in managing contributions from Service Providers. Examples would include the CSPN Service Provider performance issues and management of the CSPs proposed CH exceptions.

The DCC have also run a number of projects throughout the Regulatory Year. Some comments on these are provided below:

Project	**Comments**
CH & Network Evolution	This major programme of work was underway in the Regulatory Year. Whilst recognising that the DCC had to reconcile numerous business and technology drivers, the lack of clear (to Users) structure in this "shaping" phase was disappointing. DCC did engage early with TABASC and the discussions were productive. However, the DCC did not engage with the OPSG or the SSC during the Year, and thereby missed an opportunity to prepare the ground for the future reviews that would be necessary.

Change Coordination Initiative	This initiative sought to minimise risk and optimise operational change management by sharing maintenance schedules and information between DCC and Users. The initial presentations of the ideas failed to clearly recognise User priorities and requirements and did not acknowledge possible User concerns. This was largely a result of a failure to understand and respond to the User perspective (for example, in regard to possible changes in User processes, the sensitivity of some data requested by DCC, and a possible call on User resources)
Metrics Review Project	This was a project sponsored by the OPSG and executed by SECAS with inputs from Users and DCC. It successfully led to a Modification proposal to improve the SEC metrics. DCC provided strong and valuable support at the outset of the project. However, this commitment was not continued consistently through the project execution phases due, we understand, to operational priorities requiring resources to be deployed elsewhere. This did mean that some aspects of the work had to be deferred to the subsequent Modification.