

11th February 2021

Anna Clover
Ofgem
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Sent by email only to: Smartmetering@ofgem.gov.uk

Dear Anna,

Centrica response to Ofgem's consultation on DCC's OPR Guidance

Centrica welcomes the opportunity to comment on the DCC's OPR Guidance consultation. We have provided answers to Ofgem's specific questions in Appendix A and urge Ofgem take into consideration our key concerns below. Our response is non-confidential.

Key concerns not covered by the OPR guidance questions, in order of priority:

1. Transition Period

- a. We strongly disagree that DCC needs a transition period for System Performance. Energy consumers have been waiting since Regulatory Year 2017/18 for DCC to fully go-live and deliver the expected performance levels.
- b. Energy suppliers and consumers should not have to wait until late 2023 / early 2024 for the benefits from the new Operational Performance Regime to be known. Energy Suppliers are being pushed hard to fulfil our obligations; however, we need the DCC to perform effectively for our delivery to be successful.
- c. DCC underperforming also pushes additional cost, risk and workarounds into DCC Users' organisations, which are not covered by the price cap and leads to consumer impact through revisits and lost confidence in their smart meters.

2. Firmware Management

- a. We also disagree with Ofgem's proposal to initially give the Firmware Management measure a zero weighting. DCC are currently not meeting the Firmware Management SLA within SEC (PM2 in CPM1), especially for the north region. By excluding the measure in the new OPR, Ofgem is effectively giving DCC a let against this known poor performance.

- b. We request that the current PM2 measure is kept in place until DCC can deliver the system changes to measure the full end to end performance levels for Firmware Management. Keeping the current PM2 in place may act as an incentive for DCC to deliver the required system changes.

3. Equal Weighting for System Availability

- a. We disagree with the equal weighting of DCC's systems in System Availability measure. The DCC User Interface is by far the most important system to DCC Users and when this system is down (for maintenance, an incident etc.) no smart metering services can be delivered.
- b. We believe the DCC User Interface should be weighted between 40%-60% of the System Availability measure.

4. Planned Maintenance

- a. We would welcome Ofgem confirming that Service Availability will only exclude the 6 hours planned maintenance per month in the Smart Energy Code, section H8.3. Any additional outages, whether for planned / unplanned maintenance, Business Continuity Disaster Recovery (BCDR) testing and / or incidents outside of these 6 hours will be counted as service unavailable.
- b. All additional outages outside of that permitted under SEC H8.3, causes DCC Users additional processing time, work arounds and risks lost prepayment vends (for example).
- c. DCC Users are also impacted after the systems restart, with increased message and alert volumes, which can result in slower Install and Commission processes, frustrating engineers and inconveniencing our customers.

5. Minor points:

- a. The mean score should be specified in the contract management incentive, not the 'simple average'.
- b. An example with the x, y and v's in the formulas would be helpful to check our understanding and possible impact, especially for Penalty Mechanism B.

If you would like to discuss any aspect of this response, please do not hesitate to contact me, details below.

Yours sincerely,

(by email)

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Appendix A - Consultation Questions

Question 1: What are your views on our proposals for the level of MPL and TPL?

Whilst we understand Ofgem setting the levels for MPL and TPL to reflect the current minimum and target performance in the Smart Energy Code, we note this offers no improvement to current levels.

Question 2: What are your views on our proposals for the values of x and y?

We agree with Ofgem's proposed values for x and y, DCC should be adequately incentivised to reach the target performance levels. However, examples would be welcome.

Question 3: Do you have any comments on the drafting of the OPR Guidance for the Customer Engagement Incentive?

No. We agree with Ofgem's proposals for Customer Engagement.

Question 4: What are your views on the proposed submission requirements?

Ofgem's proposed submission requirements appear to be very comprehensive and may benefit from a review after the first Default Revised OPR.

Question 5: What are your views on the timeline and process for the auditor assessment

We are concerned that the overlapping timeline between Regulatory Years could limit the implementation of lessons learnt for subsequent auditor assessments. We suggest that each period in the audit cycle is reviewed with the objective of fitting the cycle into one Regulatory Year, avoiding any overlap. However, we believe that the evaluation period should last 6-8 weeks.

Question 6: What are your views on the scope of the assessment?

We agree that the contract management scope should include the fundamental Service providers and the highest value SMETS1 Service Providers. We would welcome the auditor's

scrutiny on DCC's Preliminary and Impact assessments for SEC mods plus the Network Evolution Programme.

Question 7: What are your views on the Terms of Reference?

We are keen that the Terms of Reference includes any contracts assigned to linked or wholly owned companies of Capita within a Regulatory Year over a threshold, such as £1m. We would also welcome the auditor's opinion on large Change Requests submitted by DCC's Service Providers and whether DCC challenged the costs, solution and SEC compliance enough.

Question 8: What are your views on the proposed six-month grace period (option 1)?

Whilst the 6-month grace period is preferable to the 12-month grace period (Option 2), we strongly disagree that DCC needs any grace period given the length of time to get to this point and the disappointing performance to date, especially in the north region. DCC's performance has a significant impact on DCC Users' ability to fulfil their obligations; our response to question 10 applies here too.

Question 9: What are your views on the direction required to implement the 6-month grace period?

N/A - as mentioned above, we believe a six-month grace period to be inappropriate.

Question 10: What are your views on the proposed one-year grace period?

We strongly disagree that DCC needs a one-year grace period. Energy suppliers and consumers have been waiting since Regulatory year 2017/2018 for an improved operational performance regime, waiting another regulatory year feels inappropriate. Energy Suppliers are obligated to meet rollout plans and service levels, which we struggle to achieve when DCC underperforms. If DCC are given a transitional period further risk and cost is driven into Energy Suppliers and Networks to mitigate and workaround.

Question 11: What are your views on the direction required to implement the one-year grace period (option 2)?

N/A – as mentioned above we believe a 1-year grace period to be inappropriate.

Question 12: Which is your preferred grace period (six months or 12 months)?

Neither, we strongly believe that DCC does not require a grace period.

Question 13: What are your views on the customer engagement and contract management trials?

We agree that the trials will be beneficial to the industry and DCC, however there must be time to review and learn lessons before starting the next Regulatory Year, please see our response to question 5.