



Via email only to: Smartmetering@ofgem.gov.uk

FAO Anna Clover
Metering and Market Operations
Ofgem

11 February 2021

Dear Anna,

OPR Guidance Consultation January 2021

Thank you for the opportunity to respond to this consultation.

Our responses to the thirteen questions set out in the consultation document are provided in Annex 1. In summary, we agree that in their original form the OPR metrics were not providing the best incentives to the DCC and we are therefore broadly supportive of the guidance as proposed.

Mindful, however, that the DCC's costs may increase as a result of any additional reporting requirements, we would wish to see any costs associated with its compliance with the OPR set out clearly and separately on the DCC Charging Statement.

I trust you will find our responses useful, but please do not hesitate to get in touch should any require further clarification.

Yours sincerely,

Rhona Peat
Head of Retail Regulation

Annex 1

OPR Guidance Consultation January 2021 – Questions and Responses

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

Given the fairly generous allowance that Section H8.3 of the SEC already affords the DCC for planned maintenance outages, we believe that 98% service availability is fair as a MPL.

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

Notwithstanding our response to Question 1, we think the MPL of 98% still represents a reasonable service and that a retained margin of 70% should remain.

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

We agree with the proposed approach. However, we would welcome the inclusion of the DCC's delivery of the Faster Switching arrangements.

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

We support the proposal to adopt a less prescriptive approach to the submissions.

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

We are comfortable with the timeline and process for the auditor assessment; however, for the sake of transparency, we would wish to see all costs associated with such audit shown clearly and separately on the DCC's Charging Statement.

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

We agree that the scope of the assessment should extend to contract management, procurement and re-procurement, as proposed.

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

We think that the draft Terms of Reference for the procurement appears suitable for the purpose.

Question 8: What are your views on the proposed 6 month grace period (option 1)?

We are very supportive of this approach, which limits any delay to the implementation of the new regime and provides a strong incentive on the DCC to deliver.

Question 9: What are your views on the direction required to implement the 6 month grace period (option 1)?

At this time, we offer no comment on the draft direction.

Question 10: What are your views on the proposed 1 year grace period (option 2)?

While we prefer Option 1 (6-month grace period) we are nevertheless relatively comfortable with Option 2.

Question 11: What are your views on the direction required to implement the 1 year grace period (option 2)?

Again, we offer no comment on the draft direction at this time.

Question 12: Which is your preferred approach to the system performance transition year, option 1 or option 2?

We prefer Option 1, which limits any delay to the implementation of the new regime and provides a strong incentive on the DCC to deliver

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

While supportive of this initiative, which will help the DCC prepare for the application of relevant incentives in RY21/22, we would like to see results of the trial in each area and the DCC's plans to improve the service. We would also like to understand whether such a trial run will translate to an immediate cost increase on the DCC's Charging Statement.

ScottishPower
February 2021