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**Re: Consultation on OPR Guidance**

Dear Anna,

Thank you for the opportunity to respond to the consultation on OPR guidance. Firstly, we welcome the approach taken to engage early with the SEC Panel during this review, it has no doubt proved efficient in resolving issues and clarifications outside of the broader consultation process. Such an approach should always be encouraged to help drive initiatives forward in a transparent and collaborative manner.

The more detailed response to the consultation questions are set out below, but I have set out some key thoughts here for your consideration.

**Systems Performance**

We note the ongoing time and effort to introduce a set of measures that are reflective of Users' actual experience. It is disappointing that such measures have not been introduced earlier and that it appears difficult to measure and monitor performance for arrangements that have been in place for a number of years.

We are pleased to see in the consultation recognition of the work undertaken by the Operations Group (OPSG) and we would encourage the continued use of that Group to help review and shape the regime. We request that Ofgem seek to engage the OPSG to help inform a decision on the values of the calculations underpinning the penalty mechanism following this consultation. This group is best placed to ensure the equations used reflect the desired outcome. At the very least engagement with detailed examples of the equations would help to ensure a common understanding of approach.

**Customer Engagement**

We have noted before the importance of good customer engagement, so are supportive of the measures being introduced. Working closely with the Panel and SECAS to help shape the guidance prior to consultation has proved useful. Although we would note that the guidance appears rather onerous and restrictive in some areas.

The engagement to date gives us comfort that the approach set out in the consultation is in line with our expectations and is deliverable, but we have received feedback from some Parties questioning the levels of resource to support the undertaking. We believe the concerns are a side product of the detail around the framework contained in the guidance.

However, as long as the framework is flexible, we believe the proposed approach is in line with the current methodology for responding to Price Control consultations.

## **Contract Management**

Again, we note the early engagement and close collaboration on this element of the OPR. Whilst it is too early to say for certain if the scope will be fit for purpose we believe it is a sensible remit for the first year.

We have raised concerns with Ofgem over the potential benefit of the Audit report should it be overly redacted. In order for the Panel to sufficiently discharge its duties the audit report must provide necessary oversight of DCC's compliance against the SEC and its management of contracts/service providers. In order to ensure no required information is lost, we request that a full report is shared with the Chair of SECCo so that they may help ensure the final report shared with the SEC Panel (in a confidential setting) is fit for purpose.

We would request that the SEC Panel remain fully engaged to help ensure the performance measures provide the desired oversight for Users.

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](mailto:SECAS@gemserv.com).

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Peter Davies' in a cursive style.

Peter Davies

SEC Panel Chair

## **Systems Performance**

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

On review the levels for MPL and TPL seem appropriate. Overall, Service Availability is important and it's therefore right it is measured more acutely. It is noted that Suppliers are at different stages of their rollout out, so some may have greater reliance on different areas of systems performance. However, weighting all areas of performance equally is prudent at this stage (Service Availability excepted).

Regardless of the weighting it should be noted that the DCC should be providing services across all the performance categories at or above the target levels. There has been sufficient time to resolve any issues and, along with their service providers, deliver a service to the levels expected.

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

We believe option 1 'Set X as half the distance between MPL and TPL' is the most desirable option. We note this results in a steep gradient but believe that this is more reflective of MPL being the minimum performance level and that a level of service under MPL is not acceptable. The DCC should be incentivised to reach TPL and not treat MPL as sufficient level of service.

## **Customer Engagement**

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

The wording in the guidance creates the impression of a rather onerous and prescriptive set of arrangements in order to submit a response. However, we welcome Ofgem's desire for flexibility in submissions and believe a pragmatic approach must be taken. Whilst we will endeavour to follow the guidance to the letter, we do not wish for genuine feedback to be excluded because of a technicality with a submission. We take comfort from the close working with SECAS that the solution being proposed is practical to achieve and would encourage continued collaboration with SECAS and the SEC Panel as the submission process evolves over time. Key to making these arrangements work will be transparency and clear communication from all those involved.

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

As noted, the requirements appear rather detailed and restrictive. It would be a flaw with the process if legitimate concerns and feedback are discarded from the process due to a technicality over a submission; the content is more important. However, we believe the requirements are achievable, but reiterate the need for flexibility to deal with situations as they arise.

## **Contract Management**

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

The initial concern with the audit timeline is it appears tight to appoint an auditor by June. We appreciate that SCAS and Ofgem are working closely to achieve this goal and request to be informed of any developments.

The remainder of the audit timelines and process appear sensible and in line with previous discussions.

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

The scope seems appropriate for the first year. However, we note that the scope may need to adapt depending on the findings of the audit and believe a review on the scope should be undertaken following the first year audit report to ensure it is delivering its purpose.

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

The Terms of Reference reflect the scope and discussions to date on the overall project.

**Transition**

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

If there is to be a grace period to align systems, a six month window seems appropriate. We agree with Ofgem's view that it provides an opportunity for the DCC to review its performance and make any necessary improvements during the first half of the year, before being penalised for poor performance. We also support Ofgem's view that the DCC should have already begun to prepare for the new measures and therefore six months is sufficient for a grace period.

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

It appears appropriate.

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

It has taken a considerable time to amend the performance measures to be reflective of the service Users experience. Further delay to implement is not desirable.

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

We do not believe this direction should be issued as we do not support the one year grace period

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

As noted above, option 2 is not desirable as it extends a framework that is not reflective of Users' experience. We note the concerns regarding costs of any expedited improvements, but stress any such projects should undergo proper governance with the budget, spend, requirements and deliverables properly reviewed and agreed. Scrutiny over the cost should be applied as many of the measures should have been in place from day one.

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

It is sensible to undertake a trial to ensure the guidance and underlying processes are optimum and deliver the desired results.