

Smart Metering Directorate
Orbis 1
Lovett Road
STAINES
Middlesex
TW18 3AR

6th May 2016

By email

Dear Robyn,

Re: DCC Operational Performance Regime: Principles and Objectives

In response to Ofgem's consultation on the Principles and Objectives of the DCC's Operational Performance Regime, British Gas agrees that an operational performance regime should be introduced. The regime should supplement the existing regulatory obligations placed upon the DCC, as the DCC's performance can have a direct impact on energy supplier service levels and our ability to achieve numerous regulatory obligations.

In our view, any performance regime must be underpinned by SMART principles, i.e. Specific, Measureable, Achievable, Relevant and Time bound objectives. This should cover the full customer life cycle, with particular emphasis on:

- Installation and commissioning speed and success (related to DCC elements of the process);
- Timely and complete transmission of data to and from the metering system; and
- Speed and completeness of Over The Air upgrades

Our analysis of all present performance metrics suggests that there is a gap with regard to prepayment management, as all service requests are bundled together within the on demand, scheduled and future-dated criteria. We feel that the management of prepayment performance will need particular focus by the DCC to ensure that end consumers receive the expected service from energy suppliers and realise the benefit early from smart meters.

We believe that the performance metrics available from Foundation can be used for bench-marking purposes. Ofgem should form a view on the level of incremental performance required above the present Foundation baseline. Given the investment in centralised technology, and that some activities have been simplified, we would expect some level of improvement versus today, even from initial go-live.

Finally, the users of the DCC's systems and end-consumers must be able to hold the DCC to account over their management of their service provider contracts and the changes made to these. The DCC's key objectives should therefore be linked to their management of the contracts, without duplicating the External Contract Gain Share (ECGS_e) in their licence.

Our answers to Ofgem's consultation questions are in the attached appendix. Our response is non-confidential and may be shared on Ofgem's website.

Please do not hesitate to contact me on the number below or via email, if you want to talk through in more detail.

Yours sincerely,

Andrew Pearson

Head of Smart Regulation and Industry Codes

Andrew.Pearson@BritishGas.co.uk

07979 566075

Appendix

1. *Do you agree with our approach to apply the OPR to core smart metering activities only?*

Yes.

2. *Do you agree with complementing the OPR with further reporting to provide transparency & potentially form the basis of future metrics?*

Yes.

3. *Do you agree with our proposed principles for developing the OPR metrics?*

No. We believe all performance regimes should be built using SMART (Specific, Measureable, Achievable, Relevant and Time-bound) principles. We are concerned that allowing the DCC flexibility will cause confusion as numerous name and measurement changes could occur.

4. *Do you agree with our proposal to prioritise the Service User & Service Delivery Measures only in the immediate term?*

Yes.

5. *Do you have views on how DCC's operational performance can be measured without a baseline to compare it to?*

Ofgem should use the performance metrics from the Foundation (SMETS1) rollout by energy suppliers. The DCC should not be allowed to create its own baseline, as that in itself could lead to perverse incentives as the DCC manages down performance in the first instance, to make subsequent attainment easier.

We ask that Ofgem considers Foundation performance dashboards as used by energy suppliers to date for infrastructure-related performance. Ofgem should then consider what incremental performance improvements should be asked of the DCC. Given the time spent on design and the investment in technology, we would expect higher performance levels.

6. *What specific performance metrics do you think will drive good consumer outcomes under each measure?*

We agree that:

- The installation and commissioning of smart metering systems are an important performance objective in terms of time taken and success rates.
- The DCC should minimise WAN issues through its management of the Communications Service Providers.

In addition we have the following suggestions:

- Read and prepayment vend delivery should be a key metric because of its criticality to the customer experience.

- Prepayment vends and UTRNs are missing from the SEC and other performance measures in place. As all on-demand service requests are rolled up into code performance measure 1 (within SEC H13) and subject to target response times, which are not accurately measured. Therefore the prepayment consumers' experience could be significantly worse than the DCC reports indicate. The management of prepayment performance will need a focus by the DCC to ensure that end consumers receive the expected service from energy suppliers and benefit early from smart meters.
- Over the Air (OTA) firmware upgrades should be included because these are critical to maintaining the integrity of a multi-billion pound smart metering asset portfolio.
- Read performance is critical to energy suppliers for running their businesses, as used in processes from Change of Tenancy to billing. Read performance is currently contained within the general Service Request delivery, which may not be specific enough to drive the DCC to act as necessary.
- The problem management metric proposed by Ofgem should concentrate on minimising the manual workarounds.

7. *What other metrics do you propose the DCC to report longer term?*

Longer term the DCC will need to concentrate on adoption and enrolment of SMETS1 and at least 1 performance measure should be based on this. We also feel that the Dual Band Comms Hubs (DBCH) will need a particular focus by the DCC, once available, to help Service Users understand in which premises they should be installed and that the Install & Commissioning processes are as efficient as for single band Comms Hubs.

8. *Are there any other points to consider when designing the OPR?*

We are concerned (particularly for premises-level incidents) that once outside of SLA an incident could never be resolved, leaving an end consumer without the benefits of smart metering. Premises-level incidents are category 5 and have a 90% resolution within 10 days, potentially leaving 10% of incidents unresolved each month. During rollout this could leave significant numbers of households with aborted visits, no WAN connections or poor performance. We have had experience in the past with regimes that perversely incentivise service providers to ignore incidents once they are outside SLA.

Ofgem should not to duplicate incentives across the DCC's performance regime thereby enabling the DCC to gain twice from reducing external costs within their price control mechanism (via the ECGS_t in LC36).

Ofgem should also be wary of incentivising the DCC and their service providers to maximise coverage by the end of rollout at all costs. There will be little incremental benefit to end consumers from reaching 100% coverage and the cost could be significant.