



E.ON Response to Ofgem Consultation; DCC Operational Performance Regime: Principles and Objectives

General Comments

We are pleased to have an opportunity to comment on these proposals. Given the DCC's monopoly market position it is important that all avenues are explored and considered fully to ensure the regulatory framework delivers the right incentives.

We are comfortable with the principles outlined in the consultation document. We welcome the recognition that the DCC should be appropriately incentivised "to respond to the needs of its Users and ultimately consumers and not the regulator or government".

Whilst we agree with the need for a targeted approach, we wish to avoid potential that this does not result in the DCC attention being focussed in a specific area to the detriment of services elsewhere. Consideration should be given as to how these issues can be balanced whilst delivering overall assurance.

Whilst Ofgem may not have any previous performance statistics to base measurement targets at the start of the DCC operational services, we believe there is already a baseline from which Ofgem could begin developing performance objectives. For example the DCC has commercial contracts with its Service Providers, which already have contractual milestones that need to be achieved such as the rollout of the communications Wide Area Network (WAN). In addition there are Performance Measures set out in the Smart Energy Code (SEC) requiring monthly reporting provided by the DCC to the SEC Panel, the Authority and SEC Parties. Both these reference points could form the basis of an overarching set of objectives, that the DCC could report against and then revise as performance stabilises and requirements mature.

In addition to the areas already highlighted in the consultation, consideration should be given to the responsiveness/timeliness of the DCC's ability to respond to requests for change. Whilst some of this maybe be governed by the SEC change process, we would not wish to be in a situation where changes appear to be unable to progress, due to a lack of a suitable response from the DCC and conclusion to its impact assessment process in a timely manner.

Consideration should also be given to measurement of the DCC ability to move forward with existing process improvement/changes requests. Attention should not be lost on further enablers for a successful rollout. For example development of 868 MHz Dual Band Communication Hubs, and support for the Alternative Home Area Network company (Alt HAN co) services.



Answers to Specific Questions

Q1: Do you agree with our approach to apply the OPR to core smart metering activities only?

Yes. We agree with the approach that initial focus of the Operational Performance Regime (OPR) should be on core smart metering activities, however, the consultation does not go so far as defining these. Core smart metering activities could include provision of key service request commands that DCC should support from the start of operating its services e.g. ability to install and commission meters, collect meter reads, and critical commands such as pay as you go top ups. An approach could be to monitor the two most frequent commands used. For example "read request" or "register device", (the former critical to overall customer service and the latter to attaining efficient installation). These could provide useful evidence of the early stages of the DCC live operational performance.

Q2: Do you agree with complementing the OPR with further reporting in order to provide transparency and potentially form the basis of future OPR metrics?

Yes. It is however worth considering how these metrics will work in tandem with both the performance measures set out in the SEC and the commercial contracts that the DCC is managing with its service providers.

We note there is a requirement in the DCC licence for an Annual Service Report, however there may be opportunities to receive more regular reports from DCC with regards its progress against any overarching measures under the OPR.

Q3: Do you agree with our proposed principles for developing the OPR metrics?

Yes. However, the framework for the metrics needs to be flexible to respond to the needs of the DCC Users and their customers over time. Whilst we agree with the need for a targeted approach, we wish to avoid this resulting in the DCC's attention being focussed in a specific area to the potential detriment of services elsewhere. For example it is proposed that the adoption and enrolment of the first generation of smart meters are excluded from the OPR initially but in the long term assurance will be required that the DCC will provide a good service for these, when required.

Q4: Do you agree with our proposal to prioritise the Service User and Service Delivery measures only in the immediate term?

Yes. However, whilst focussing on short term stability issues post DCC live operation, focus should not be lost on other enabling measures the DCC can be taking to ensure a successful rollout is achieved e.g. delivery of Dual Band Communication Hubs to reduce aborted visits in the early rollout period. Development of Dual Band Comms Hubs is a key enabler to a successful rollout and needs to be expedited as quickly as possible given the constrained rollout period.



Q5: Do you have views on how DCC's operational performance can be measured without a baseline to compare it to?

Whilst Ofgem may not have any previous performance statistics to base measurement targets at the start of the DCC operational services, we believe there are sources of information available to form a baseline for Ofgem to begin developing performance objectives. For example the DCC has commercial contracts with its Service Providers, which already have contractual milestones that need to be achieved e.g. rollout of the communications Wide Area Network (WAN) at x% up to 2020. In addition there are Performance Measures set out in the Smart Energy Code (SEC) requiring monthly reporting provided by the DCC to the SEC Panel, the Authority and SEC Parties. Both these reference points could form the basis of an overarching set of objectives that the DCC could report against. These could then be revised as performance stabilises and requirements mature.

Q6: What specific performance metrics do you think will drive good consumer outcomes under each measure if incentivised?

The measures proposed should drive good performance outcomes for the early stages of the DCC live operations e.g. effective commissioning of communication hubs should lead to efficient installation times and ensuring the DCC WAN coverage checker is accurate should also avoid aborted visits. In addition, we suggest augmenting the proposal for management of the DCC Service Desk incidents with a demonstration of a proactive approach by DCC. For example, whilst it is important to ensure that the DCC is resolving issues reported to it quickly (and in particular ensuring these do not re occur), there is further value for Users through the DCC reporting trends and analysis of incidents and carrying out proactive monitoring to avoid Users having to raise an incident in the first instance.

A measure of the failure rates of the DCC communication Hubs would also be a useful measure for stability in the short/medium term. Suppliers have had no direct input to the design, build and procurement of these. Having a reliable communications hub is integral to achieving a successful rollout and gaining customer trust and buy-in for the early stages of the rollout.

Q7: What other metrics do you propose DCC should report on as part of wider reporting and/or which could become part of the OPR in the longer term?

Consideration should be given to the responsiveness/timeliness of the DCC's ability to respond to requests for change. Whilst some of this will be governed by the SEC change process, we would not wish to be in a situation where changes appear to be unable to progress due to a lack of a suitable response from the DCC and conclusion to its impact assessment process. We would also like to see monitoring/oversight of the DCC ability to move forward with existing process improvement/changes requests. For example whilst its important the core smart metering activities (once defined) are part of any initial focus, attention should not be lost on further enablers for a



successful rollout. These include development of 868 MHz Dual Band Communication Hubs, and support for the Alternative Home Area Network company (Alt HAN co) services.

Q8: Are there any other points we should consider when designing the OPR?

We suggest that flexibility should be baked into the OPR principles from the start to ensure the arrangements can cater for changes in priorities as the smart meter rollout progresses, and the DCC services and User requirements mature. We wish to avoid a potential of any unintended consequences arising from a narrow focus of measures at the start.

It would also be useful to have placeholders for longer term activities such as work the DCC may be required to do for the enrolment and adoption of the first generation of smart meters and potential developments resulting from the Ofgem switching programme to ensure the DCC is incentivised correctly to deliver a good level of service in all areas.