

Jacqui Russell
Head of Metering & Market Operations

27th November 2020

Sent by email only to: smartmetering@ofgem.gov.uk

Dear Jacqui,

Centrica response to Ofgem's consultation to increase DCC's revenue at risk under OPR

We welcome the opportunity to respond to the consultation to increase DCC's revenue at risk under the Operational Performance Regime. Our response is non-confidential and may be published.

We agree with Ofgem's minded to position, option 1, and believe it gives DCC a bigger incentive to improve their operational performance. However, we would like this incentive to go further and include the 'Prudent Estimate' in the revenue at risk.

The DCC is a financially stable and very low risk organisation, therefore does not need the prudent estimate. As the price cap does not allow service users to recover costs that arise from DCC performance issues, such as revisits to end consumers' homes following an unsuccessful installation, increasing DCC's revenue at risk strengthens their incentive to avoid such issues. Also, by including the prudent estimate, DCC may be less likely to over recover their allowed revenue each regulatory year.#

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

Yours sincerely,

(by email)

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