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DP224

‘SEC Performance Assurance Framework’

Modification Report

Version 0.3

9 May 2023



Managed by



About this document

This document is a draft Modification Report. It currently sets out the background, issue, and progression timetable for this modification, along with any relevant discussions, views and conclusions. This document will be updated as this modification progresses.

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This document also has one annex:

- **Annex A** contains the full responses received to the request for information (RFI).

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1. Summary

This proposal has been raised by Emslie Law from OVO Energy.

The Smart Energy Code (SEC) does not explicitly define a Performance Assurance Framework (PAF), which is in contrast with some other Energy Codes. Instead, the SEC Panel, as the key decision-making authority under the SEC, is expected to deal with any performance-related matters as they arise. However, managing performance-related matters on a case-by-case basis is challenging and the scope of the Panel is broad.

A project undertaken on the Panel's behalf has concluded that the implementation of a risk-based PAF under the SEC would give confidence to Parties that: the obligations set out in the SEC are being fulfilled; that Parties are not being disadvantaged by the failure of any one Party to meet its obligations; and that performance risks and issues are dealt with in a standardised manner. The project detailed a proposed approach to the delivery of a PAF and concluded this should be progressed further via the SEC modification framework. This Draft Proposal has been raised to take this work forward.

Respondents to the RFI unanimously agreed that a PAF should be introduced.

2. Issue

What are the current arrangements?

What is a PAF?

When acceding to multi-party agreements such as the SEC, Parties accept the obligations set out within the agreement. The assumption is that fulfilment of these obligations is necessary for the objectives of the relevant agreement to be achieved.

A PAF can be set up under such agreements to give confidence to all signatories that the obligations set out in the agreement are being fulfilled, and that failure to meet obligations is not detracting from the achievement of the objectives of the agreement. It can also give confidence to signatories, both individually and collectively, that they are not being disadvantaged by the failure of any one signatory to meet its obligations.

A principal benefit of having an explicit PAF is that it could require and encourage an integrated approach to assurance, which is likely to have advantages over an issue-by-issue approach. However, it is not the purpose of a PAF to determine whether obligations are 'right' or optimum, though operation of the PAF may highlight areas of risk where, for example, compliance is proving difficult to achieve.

Typically, a PAF comprises four principal parts:

- **Governance arrangements**, which will likely include establishing a governance body (for example, a Performance Assurance Board (PAB)).
- **A Risk Evaluation Methodology** used to identify, evaluate, and assess the materiality of risks to the fulfilment of the code objectives.

- A set of **Performance Assurance Techniques** which can be applied to mitigate and manage the risks identified by the Risk Evaluation Methodology and cover the different aspects of assurance. These are often categorised as:
 - **Preventative**: techniques that are intended to promote assurance by acting early in the lifecycle to avoid subsequent operational non-compliances
 - **Incentivisation**: techniques which encourage operational compliance, and are often also seen as part of the 'corrective' category
 - **Detective**: techniques which discover and provide evidence of areas of risk, or non-compliances
 - **Corrective**: techniques which remediate any non-compliances. It should not be assumed that these are necessarily sanctions, or punitive; for example, agreed error correction processes (remediation plans) and a derogation process are likely to be important
- A **Support Capability** to facilitate the operation of the PAF. This would include support staff, explicit and detailed business processes, and support tools.

Designing a PAF to ensure that it is appropriate and proportionate is important. One way of doing this is to adopt an adaptive, risk-based approach. As an illustration, each year the PAB might recommend a plan identifying the areas of highest risk and a proposed assurance plan. This plan might be put to signatories and any overarching governance body for endorsement before being implemented by the PAB. This approach would also allow the appropriate phasing of the introduction of assurance measures to match the maturity of arrangements area-by-area.

Existing assurance mechanisms under the SEC

In general, the SEC does not explicitly mandate the end-to-end, coherent view of assurance that would be one of the outcomes of a PAF. As it stands, the SEC Panel is seen as the decision-making body, and would therefore be expected to deal with assurance matters individually as they arise. Compliance with the SEC is also a Licence Condition for SEC Parties, and therefore ultimately subject to Ofgem authority.

Some examples of assurance mechanisms which are already intrinsic parts of the SEC and its associated processes include:

- Provisions providing for Parties to raise Disputes (SEC Section M7) and those allowing for the Panel to declare a material breach by a Party.
- The capability brought under the SEC through the Smart Meter Device Assurance (SMDA) scheme (SEC Section F12), providing a preventive technique.
- The Operations Group (OPSG), working with the Data Communications Company (DCC), has pursued several topics with the aim of improving compliance. In general, the OPSG has adopted a style of 'inform, encourage, persuade', as with Radio Frequency Noise compliance. In effect, this style incorporates some aspects of preventative, detective and corrective techniques. Experience to date indicates general willingness by SEC Parties to address compliance matters once they are provided with specific information regarding shortcomings.
- The SEC includes strong provisions for assuring security (SEC Section G).

What is the issue?

The SEC does not explicitly define a PAF, in contrast with other Energy Codes such as the Balancing and Settlement Code (BSC), the Retail Energy Code (REC) and the Uniform Network Code (UNC). Instead, the SEC Panel, as the key decision-making authority under the SEC, is expected to deal with any performance-related matters as they arise. However, managing performance-related matters on a case-by-case basis is challenging and the scope of the Panel is broad.

The Panel therefore considered whether a PAF and a PAB should be established under the SEC. It subsequently approved the Smart Energy Code Administrator and Secretariat (SECAS) undertaking a project to investigate this further. The aim of this project was to facilitate the development of a proposal to implement a PAF¹.

The project concluded that the implementation of a risk-based PAF under the SEC would give confidence to Parties that:

- The obligations set out in the SEC are being fulfilled, and that any failure to meet obligations will not detract from the achievement of the SEC Objectives;
- They are not being disadvantaged, either individually and collectively, by the failure of any one Party to meet its obligations; and
- Performance risks and issues are dealt with in a standardised manner.

The project's findings, approved by the Panel, detailed a proposed approach to the delivery of a PAF, based on the premise that:

- Changes to the SEC will be required to fully enable the introduction of a PAF – a PAB could be established under the existing SEC provisions, but would lack the 'weight' to apply any PAF without corresponding obligations being placed on Parties;
- The PAF will require a delivery/responsible body, a PAB, to develop and manage the framework;
- The changes will be further developed and implemented via the SEC modification process, after which an 'annual' budget will be established to facilitate the PAF, to be managed by a PAB; and
- All Parties who will be included in the PAF will have the opportunity to shape it into a working model that best supports the SEC Objectives.

The Panel agreed that further work on the delivery of a PAF should be undertaken via the modification framework, to avoid duplication of effort. It therefore agreed that a Draft Proposal should be raised to take this forward². The work and materials (including the proposed SEC changes and the proposed PAB terms of reference) developed under the project will be handed over for use under this modification.

What is the impact this is having?

Having the Panel manage performance-related matters on a case-by-case basis is challenging and the scope of the Panel is broad. One of the challenges the Panel has faced has been to ensure that

¹ Please see [SEC Panel paper SECP 95 1308 04](#) (White) for further details

² Please see [SEC Panel paper SECP 111 1612 08](#) (Green) for further details

sufficient resources with the required time and detailed technical expertise are available to deal with issues and risks as they arise, especially as the volume of Parties, data and change has increased.

Under the project, SECAS and the OPSG identified a range of historical issues and potential instances of non-compliance with obligations that might have fallen under the remit of a PAF and sought to quantify their impact. This analysis provided an indicative view of the type of SEC obligations that may fall within the scope of a PAF.

A workgroup was established under the project to seek input from industry members, but no wider consultation was undertaken. Consultation will therefore be undertaken with Parties during the Development Stage to seek further input on the issue raised under this Draft Proposal, including further examples that may have fallen within scope of a PAF, and the impacts this is having.

Impact on consumers

Any Party failing to meet its obligations or required performance levels under the SEC could have an adverse impact on the service provided to consumers. The specific impact on consumers of any given failure will depend on the obligation in question, but as a minimum could lead to a negative perception among consumers regarding the smart metering arrangements.

3. Assessment of the proposal

Areas for assessment

Scope of the PAF

The scope of the PAF will be developed and confirmed as part of this modification's development.

Any scope will need to ensure that maximum benefit is achieved, whilst managing costs and ensuring that performance assurance activities are proportionate and not unduly onerous or intrusive. Given the extensive nature of the SEC, seeking to assure that every obligation is being fulfilled is unlikely to be a productive or cost-effective exercise. A risk-based PAF would identify the areas of the greatest risk to the achievement of the SEC Objectives and then make sure that appropriate performance assurance techniques are focussed on these. In the solution proposed by the project, this prioritisation process (the 'Risk Evaluation Methodology') would be developed and then managed by a PAB. This 'Risk Evaluation Methodology' would also be subject to periodic consultation with SEC Parties and endorsement by the Panel, providing for an additional level of scrutiny to give confidence to Parties that performance assurance activities are proportionate and not unduly onerous or intrusive.

The project's recommendation was that only those obligations under SEC Section G 'Security' and SEC Section J 'Charges' be excluded from the scope of the PAF. The SEC already contains explicit provisions for dealing with compliance with security risks and credit management processes. Consequently, there would seem to be little benefit in moving oversight of these to a PAB. To deem anything else to be out of scope at this stage could potentially limit the effectiveness of a PAF before the key risks to compliance with SEC objectives have been established. Consequently, all other obligations should be deemed in scope, at least until such time as the 'Risk Evaluation Methodology' has been developed and approved.

One RFI respondent noted that the Party obligations relating to Section Z 'Alt HAN Arrangements' are governed by the Alt HAN Forum, and not the SEC Panel. The Working Group agreed that Section Z should be out of scope.

Inclusion of DCC obligations

At present, feedback to the DCC on the performance of operational services, impacts on Users, and the resolution of problems and defects falls under the scope of the OPSG, with performance issues being highlighted to the SEC Panel as required. Experience to date indicates that this process generally works well and there is a willingness by SEC Parties and the DCC to address compliance matters once they are provided with specific information regarding shortcomings.

The project considered there would seem little value in moving the existing OPSG and associated DCC performance reporting arrangements fully under the scope of a PAB, at least initially. Instead, it considered a PAB should take on more of an oversight and escalation role, similar to that currently undertaken by the Panel. This approach would be consistent with a risk-based PAF process, with the application of the current OPSG processes seen as one of the 'Performance Assurance Techniques' that a PAB could bring to bear should DCC compliance with obligations be flagged via the application of the 'Performance Assurance Methodology' as one of the key risks to be mitigated. This approach would also be consistent with the proposed approach to any other risk identified by the 'Performance Assurance Methodology' and any other impacted SEC Party.

The project recommended that DCC obligations should be considered in scope until any 'Risk Evaluation Methodology' has been established and applied to identify the main risks to compliance with SEC Objectives. This will be confirmed as part of this modification.

Sub-Committee input

SECAS will engage with the Chairs from the OPSG, the Technical Architecture and Business Architecture Sub-Committee (TABASC), the Security Sub-Committee (SSC) and the Smart Metering Key Infrastructure (SMKI) Policy Management Authority (PMA) to confirm what input is required from these forums. SECAS believes the following Sub-Committees will need to provide the following input to this modification:

Sub-Committee input	
Sub-Committee	Input sought
OPSG	The OPSG has been consulted as part of the project and will continue to be consulted on the solution under this modification and what obligations and performance levels should be included under a PAF
SMKI PMA	SMKI-related areas under SEC Section L 'Smart Metering Key Infrastructure and DCC Key Infrastructure' may fall within the scope of any PAF. The SMKI PMA should therefore be consulted on this and to what extent these should be monitored under a PAF
SSC	Security-related areas are expected to be out of scope of any PAF, and so the SSC should not need to be consulted
TABASC	There are no system or architectural impacts expected from this modification or any system changes expected to deliver any solution, and so the TABASC should not need to be consulted

Observations on the issue

This Draft Proposal was presented to the Change Sub-Committee (CSC) for initial comment. Members had no comments on the issue.

The DCC has confirmed they are supportive of the purpose underpinning this exercise stating that the performance assurance landscape has become overly complex and unwieldy. They continued that any reform must be seized as an opportunity to improve and simplify the status quo rather than drive further inefficiency, complexity and additional cost on consumers.

Scale of the issues that could fall within the scope of a PAF

The project was primarily focused on the development of a potential solution, though undertook some analysis of historical issues that could have fallen within scope of a PAF. This analysis was attached to the Panel paper setting out the PAF project's conclusions². As part of the Development Stage, an RFI was issued to allow Parties to provide further examples of the issues that could fall under a PAF and the magnitude of the impacts these are creating.

Respondents provided detail on a variety of issues that they believed would have fallen within the scope of a PAF and all supported the introduction of a PAF. The full responses can be found in Annex A.

Appendix 1: Progression timetable

Timetable	
Event/Action	Date
Draft Proposal raised	9 Jan 2023
Presented to CSC for initial comment	17 Jan 2023
Request for information issued	6 Mar – 6 Apr 2023
RFI responses discussed with the Panel	25 Apr 2023
Working Group consulted on the issue	3 May 2023
<i>CSC converts Draft Proposal to Modification Proposal</i>	16 May 2023
<i>Modification discussed with Working Group</i>	7 Jun 2023
<i>Modification discussed with OPSG</i>	13 Jun 2023
<i>Refinement Consultation</i>	5 – 26 Jul 2023
<i>Modification discussed with Working Group</i>	6 Sep 2023
<i>Modification Report approved by CSC</i>	17 Oct 2023
<i>Modification Report Consultation</i>	18 Oct – 8 Nov 2023
<i>Change Board Vote</i>	22 Nov 2023
<i>Authority decision (anticipated date)</i>	15 Jan 2024
<i>Targeted Implementation Date</i>	29 Feb 2024

Italics denote planned events that could be subject to change

Appendix 2: Glossary

This table lists all the acronyms used in this document and the full term they are an abbreviation for.

Glossary	
Acronym	Full term
BSC	Balancing and Settlement Code
CSC	Change Sub-Committee
DCC	Data Communications Company
OPSG	Operations Group
PAB	Performance Assurance Board
PAF	Performance Assurance Framework
PMA	Policy Management Authority
REC	Retail Energy Code
RFI	request for information
SEC	Smart Energy Code
SECAS	Smart Energy Code Administrator and Secretariat
SMDA	Smart Metering Device Assurance
SMKI	Smart Metering Key Infrastructure
SSC	Security Sub-Committee
TABASC	Technical Architecture and Business Architecture Sub-Committee
UNC	Uniform Network Code

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DP224 'SEC Performance Assurance Framework'

Annex A

Request for information responses

About this document

This document contains the full collated responses received to the DP224 request for information.

Question 1: Does the issue identified under DP224 impact you?

Question 1			
Respondent	Category	Response	Rationale
Alt HAN Co	Other SEC Party	No	SEC obligations in scope of the Performance Assurance Framework (PAF) would come under the governance of SEC Panel. However, Party obligations relating to Section Z and the Alt HAN are governed by the Alt HAN Forum. Therefore we would expect DP224 PAF proposals would not apply to Section Z obligations and therefore not be within scope of the PAF. The Alt HAN Forum could establish activities akin to those imagined under a PAF should there be a need to strengthen compliance with Alt HAN obligations. This ensures there is no confusion over governance, duplication or unnecessary complexity to the existing Alt HAN arrangements.
Npower Commercial Gas Limited	Small Supplier	Yes	There are currently no direct impacts of not having standardised Performance Assurance processes under SEC. We can however, see that as a Small Supplier SEC Party, that if an issue was ever raised with us that the current method of management may not be (a) appropriate; or (b) take into account the size of an organisation; and that therefore not having a Risk Based approach to Performance Management may mean that we have to engage with significant resource to trivial matters.
Scottish and Southern Electricity Networks	Network Party	Yes	Yes, there would be benefits as we would be impacted by the implementation of the PAF, as we are currently unable to speak to a number of devices on our estate due to an obligation not being met.
OVO Energy	Large Supplier	Yes	Whilst the issues are not drawn out directly in the modification report, we are affected by performance issues relating to the obligations that are set out in the SEC.

Question 1			
Respondent	Category	Response	Rationale
			We also feel that we are impacted by performance that does not seem to be reflected in the current performance measurements as they are.
Electricity North West Limited	Network Party	Yes	As a SEC Electricity Network Party and DCC User we are obliged to comply with the relevant SEC requirements and we are reliant on other DCC users, SEC parties complying with their SEC obligations and the DCC delivering their DCC network services. The introduction and establishment of a new SEC Performance Assurance Framework (PAF) would impact ENWL as both a SEC Party and DCC User.
ENGIE	Small Supplier	Yes	We are an energy supplier and SEC Party installing, inheriting and operating DCC Smart Meters.
Data Communications Company	Other	Yes	DCC is heavily reliant on other SEC parties to deliver its role as the central system delivery body effectively, and their performance impacts upon our performance. It is vital that the performance of industry parties beyond DCC is discussed and reviewed under any new assurance framework. It would be a major missed opportunity if the framework did not take this wider perspective into account. Reporting is integral to performance assurance. However, DCC already reports on over 80 measures within the Performance Measurement Report (PMR) reviewed by the Operations Group (OPSG). Whilst not directly linked to the absence of a Performance Assurance Framework, we believe this modification should be used as an opportunity to rationalise and consolidate DCC reporting requirements and metrics to re-focus on which matter most to customers. It should also have as an objective the removal of any overlap with the Operational Performance Regime (OPR) or other licence/code reporting requirements.
EDF	Large Supplier	Yes	As a party to the SEC and as a recipient of the DCC services defined in the SEC we, and our customers, are directly impacted when other SEC parties, including the DCC, fail to meet their obligations and/or performance standards.

Question 1			
Respondent	Category	Response	Rationale
National Grid Electricity Distribution	Network Party	Yes	We believe the issues in this modification will impact us. This is because we have previously been impacted by performance issues that we believe would have benefited from having had a PAF in place. We believe that the development and implementation of a risk based PAF would have ensured collaboration and effective error correction between SEC Parties in a timelier manner.
British Gas	Large Supplier	Yes	See answers below

Question 2: Do you believe there is an industry benefit for this Draft Proposal to be developed further?

Question 2			
Respondent	Category	Response	Rationale
Alt HAN Co	Other SEC Party	-	-
Npower Commercial Gas Limited	Small Supplier	Yes	We believe that putting in place a Risk Based Performance Framework will ensure that appropriate focus is given to higher impacting problems. We also believe that the approach should take into account not just Suppliers performance but also any other parties who provide SEC Services that have the potential to impact Suppliers.
Scottish and Southern Electricity Networks	Network Party	Yes	We believe that this would more greatly improve the performance against obligations and confidence within SEC parties that these obligations are being met.
OVO Energy	Large Supplier	Yes	Absolutely. Having a standardised manner of identifying performance issues and dealing with them, we believe, is missing, as is the ability to get them properly addressed.
Electricity North West Limited	Network Party	Yes	We agree with the principle that the implementation of a risk-based SEC PAF could give confidence to SEC Parties that: 1) the obligations set out in the SEC are being fulfilled, 2) they are not being disadvantaged, either individually and collectively, by the failure of any one Party to meet its obligations; and 3) Performance risks and issues are dealt with in a standardised manner. We disagree the DCC obligations should be excluded from the PAF. Rather, we recommend the PAF covers all SEC parties including the DCC. In the event the DCC are excluded, we do not see the benefit to Electricity Network SEC Parties from a SEC PAF (refer to our response to Q3).

Question 2			
Respondent	Category	Response	Rationale
			We welcome that the proposed solution from the SECAS project for a prioritisation process (a 'Risk Evaluation Methodology') to be developed and managed by a SEC PAB and it would be subject to a periodic consultation with SEC Parties and endorsement by the Panel, providing for an additional level of scrutiny to give confidence to Parties that performance assurance activities are proportionate and not unduly onerous or intrusive. We disagree that SEC Section G Security should be excluded from the scope of the PAF. Instead we recommend this modification represents an ideal opportunity for the Section G Security annual user security assessments to be assessed to determine if annual user security assessments across all parties is still fit for purpose. Through the refinement of this modification it could be determined that security best sits under a new risk based PAF which assigns appropriate weighting and targets those risks which are material as per the REC and BSC PAFs, rather than the broad current SEC annual user security assessments. The current assessments focus on documentary compliance (policies and process) and theoretical application of risks, a reset of the assessments to instead monitor actual real world threats and assess risk across physical environments may be a better approach In the event, that the SEC Section G annual user security assessments is not replaced with this new PAF, we agree this SEC section should be excluded from the PAF to avoid duplication.
ENGIE	Small Supplier	Yes	We are generally supportive of further development of the draft proposal as, if progressed in a collaborative way, it offers an opportunity to improve outcomes for consumers through the more efficient operation of Smart meters, and could define a risk hierarchy which would allow for better targeting of Parties' resources than is currently the case. However, any proposal needs to be developed with due regard to the relative stability of the market and the capacity of SEC Parties to take on additional regulatory demands.

Question 2			
Respondent	Category	Response	Rationale
Data Communications Company	Other	Yes	We are supportive of the purpose underpinning this Draft Proposal. The performance assurance landscape has become overly complex and unwieldy. We want to work with SEC parties to ensure that any reform is seized as an opportunity to improve and simplify the status quo rather than drive further inefficiency, complexity and additional cost on consumers. When developing this Draft Proposal, careful consideration needs to be given to any financial incentives introduced under any new assurance framework. DCC is subject to rigorous performance oversight by Ofgem through the OPR. This regime financially incentivises DCC in three main areas: system performance, customer engagement and contract management. In a recent SECAS recommendations paper, reference was made to the use of 'performance assurance techniques' including 'financial sanctions' under any new PAF (see Section 9 of SECP_111_1612_08_Appendix C). DCC has serious reservations with this if they apply to DCC. The primary vehicle for any operational financial incentives on DCC should remain the OPR alone whilst the Price Control process forms the major part of DCC's financial incentive framework.
EDF	Large Supplier	Yes	In our view there is a clear benefit in developing this proposal further. We don't want to prejudge the outcome of the change process or define a preferred outcome at this stage, however there is clear value to understanding whether/how a formal Performance Assurance regime under the SEC, with a defined Performance Assurance Framework, could identify and mitigate risks to consumers, and to the wider smart metering ecosystem. Smart metering and the DCC's services are critical not only to the consumer experience of the energy market, but also to the success of wider transformation projects like Market-wide Half Hourly Settlement (MHHS). It seems counterintuitive for there to be no formal framework for identifying risks, monitoring performance, and addressing poor performance where it occurs and where it directly impacts consumers, or smart metering more widely. A Performance Assurance regime shouldn't be introduced under the SEC purely because something similar exists under other codes – it needs to have a clear purpose, defined remit and clear scope, that

Question 2			
Respondent	Category	Response	Rationale
			is not duplicative of the obligations under other codes such as the REC and the BSC. The development process for this change should address these concerns and make it clear whether a SEC Performance Assurance regime would add value to the existing arrangements and drive performance improvements.
National Grid Electricity Distribution	Network Party	Yes	The Smart Metering Infrastructure is overly complex and therefore we believe that the potential implementation of a risk based PAF could help to identify, evaluate and assess materiality of risks. We note that there was challenges in securing participation in the PAF Project Working Group discussions however we believe that there is benefit in further development and consideration of the Draft Proposal.
British Gas	Large Supplier	Yes	Yes, we think there is an industry benefit for this Draft Proposal to be developed further, and for the potential for a PAF to be explored. We agree with the draft modification report that the activities of any future PAF should be proportionate, and we agree with your suggestion on page 4 in the Modification Report of adopting an adaptive, risk-based approach, focusing its attention on the areas of highest risk and problems. We agree that any future PAF should build upon the remedies and processes already in place around the SEC framework – the use of the Operations Group, the provisions for Parties to raise Disputes, the SMDA scheme, the existing framework around security assurance, and the ability of OFGEM to intervene when required. We agree that DCC compliance with the SEC can sensibly continue to be managed through the existing arrangements.

Question 3: Have you experienced issues that could have fallen within the scope of a PAF? If so, what was the impact of these on your organisation?

Question 3		
Respondent	Category	Response
Alt HAN Co	Other SEC Party	-
Npower Commercial Gas Limited	Small Supplier	At present Npower Commercial Gas Limited have not had any issues that we believe would be in the scope of a Performance Assurance Framework.
Scottish and Southern Electricity Networks	Network Party	Through SEC operations we have raised the issue that certificates are not being met within the 7 day installation limits. We are currently trying to bring the certificates issues to 1% or less although with the PAF in place this would mean that with the 7 day installation and enrolment limitations this could be at the preferable 0%.
OVO Energy	Large Supplier	Yes. We experience issues, but this is not reflected in the DCC reporting. E.g., Incident categorisation. The performance measures, often show incident performance as green, but we do experience pain in this area and don't believe that the categorisation of said incidents is correct or working as it should. This has a huge impact on the service that we provide to our customers. We also have issues with the sheer number of Major Incidents each month. The reporting displays a positive view and yes, they are more often than not resolved in the target time, but there are no performance measures relating to volume each month. This, again, has a huge impact on the service that we provide to our customers.
Electricity North West Limited	Network Party	Yes. We experience issues with the DCC performance regarding their SEC requirements and the negative impacts this has on Electricity Network Parties ability to realise the benefits of the DCC network in the North of England which is serviced by radio technology.

Question 3		
Respondent	Category	Response
		We noted in the Ofgem DCC Price Control RY 21/22 consultation that the DCC state they have listened to customer frustrations on CSP-N performance and knew performance on this needed to improve – and over all they believe they have met the required standard. We responded in our consultation response to Ofgem it should be noted that in terms of Power Outage Alerts and Power Restoration Alerts the standard has been amended (via SEC Modification P096 DNO Power Outage Alerts) to match the DCC delivery capability rather than improved. If DCC obligations were included within a SEC PAF the DCC could be incentivised to improve their performance and operational compliance beyond the operational performance regime in their price control. It could also detect material risks surrounding the central delivery system. This would mirror Ofgem's recent decision for the REC PAB to hold the DCC to account regarding their Switching services/obligations under the REC via the REC PAF and the DCC Switching Incentive Regime (SIR). In Ofgem's recently published decision letter regarding the SIR direction and guidance they make the point that the REC [PAF] framework is subject to the usual REC change management process; so any REC party including DCC is entitled to raise a proposed change, this ensures the [PAF] framework is effectively under constant review. This same principle can be carried across to the SEC PAF.
ENGIE	Small Supplier	The only issues we have experienced have fallen under the remit of the Security Sub-Committee, which we understand would not be part of the PAF.
Data Communications Company	Other	-
EDF	Large Supplier	Currently, our main concern is how the performance of the DCC in delivering its services could impact settlement performance, especially under the new MHHS settlement arrangements. The failure of the DCC to meet its SLAs will have a direct impact on whether suppliers are able to meet their settlement performance targets under MHHS; much more so than today as MHHS will require exponentially higher volumes of consumption data to be made available to suppliers (and other parties) on a time critical basis.

Question 3		
Respondent	Category	Response
		As the DCC is not a party to the BSC, or a Supplier Agent (as defined in the BSC) it is not currently clear how the DCC's performance, and its impact on settlement, will be managed. A SEC Performance Assurance Framework, that identifies DCC performance as a risk and creates a process for monitoring this and provides a Performance Assurance Board (PAB) the tools to mitigate this risk would appear to be an appropriate solution. The current Operational Performance Regime (OPR) that the DCC operates under is not, on its own, sufficient to do this and is more focussed on how DCC performance impacts its margin under the Price Control than on consequential impacts to things like settlement performance and consumer experience. Other areas that could fall within the scope of a PAF include: • DCC performance regarding outages / maintenance / incidents which impacts our ability to communicate effectively with our smart meters via the DCC. • Suppliers not responding to requests for install keys for non-commissioned devices that have changed supplier – this means that these devices cannot be commissioned and may need to be exchanged unnecessarily. • Timeliness of firmware upgrades – where suppliers fail to update their devices and these switch to other suppliers, those suppliers inherit the burden and cost of making sure the device is updated. • Traffic/demand on DCC services by specific users which results in performance issues that impact other DCC users. • Suppliers failing to maintain the DCC's Smart Metering Inventory and apply updates on a timely basis – which can impact communication with smart meters as well as other industry processes such as switching and settlement. • Failure to meet security obligations (such as the post-commissioning obligations or SMKI obligations) While some of these areas are already subject to reporting within the SEC and oversight by the SEC Panel (or other SEC sub-committees), this might be better managed through a more formal Performance Assurance Framework, which has the tools to drive better performance through the application of appropriate Performance Assurance Techniques, such as remediation plans and even charges (only where appropriate and justified).

Question 3		
Respondent	Category	Response
National Grid Electricity Distribution	Network Party	We have experienced issues that could have fallen in the scope of a PAF, some of which have been detailed within the OPSG examples i.e. incorrect or no DNO Certificates being installed on devices, duplicate originator counters on alerts and responses and inventory management. The impact on these issues has varied greatly. Some of the impact include us not being able to communicate with devices installed within our region resulting in us being unable to obtain data to assist in benefit realisation. Other impact results in a lot of time being spent investigating and raising incidents because the Smart Metering Inventory is not truly reflective of the situation on site for example devices showing as de-commissioned but still generating and sending Alerts to us.
British Gas	Large Supplier	This is difficult to answer, as we may well have been impacted by such issues, but not known about them. For example, if we are unable to complete a smart meter install, needing to leave the meter in “Install and Leave” mode, this could be because of a neighbouring Noisy meter, installed by another supplier in a neighbouring property. That noisy meter (a SEC breach) could be the reason we are impacted, but we would not currently know about it. Two further areas where a PAF could be very useful going forwards: 1. If a Service User has not agreed a maximum throughput threshold with DCC, and as a result this causes too much traffic to be attempted to that Service User, impacting other platform users 2. As we move towards MHHS, and particularly if mods such as MP235 are approved, the volume of ‘Other User’ traffic could increase and continue to periodically cause widespread capacity issues. This may need a two-pronged solution – there may need to be further amendments in the SEC on capacity volumes, and there also needs to be a way of assuring ‘Other User’ (and all parties) compliance with any such requirements.

Question 4: Please provide any further comments you may have.

Question 4		
Respondent	Category	Comments
Alt HAN Co	Other SEC Party	SEC obligations in scope of the Performance Assurance Framework (PAF) would come under the governance of SEC Panel. However, Party obligations relating to Section Z and the Alt HAN are governed by the Alt HAN Forum. Therefore we would expect DP224 PAF proposals would not apply to Section Z obligations and therefore not be within scope of the PAF. The Alt HAN Forum could establish activities akin to those imagined under a PAF should there be a need to strengthen compliance with Alt HAN obligations. This ensures there is no confusion over governance, duplication or unnecessary complexity to the existing Alt HAN arrangements. This should be reflected in the legal text related to the PAF.
Npower Commercial Gas Limited	Small Supplier	Npower Commercial Gas Limited believe that any development of the Framework should be standardised and should work for all Supplier types (Large/Small) and that therefore there should not be a differentiation of Risk Levels between Supplier types. The above is with a single exception which is were any % based performance management is being used. If the % is against the “whole industry view” then this should be OK as it will naturally see Smaller Suppliers have less impact on the whole. However, If a % is within a Supply Portfolio and you are comparing a large Supplier against a Small Supplier this may mean that the Small Supplier could be detrimented Worked Example Large Supplier A has 1000 Meters with an Issue against a portfolio of 1 Million = 0.1% of portfolio Small Supplier B has 1000 Meters with the same issue against a portfolio of 100,000 Meters = 1%

Question 4		
Respondent	Category	Comments
		If the tolerance level for Performance Assurance is 1% then the Small Supplier would be asked to address an issue that the Large Supplier would not even though the Large Supplier has the same number of impacted meters.
Scottish and Southern Electricity Networks	Network Party	-
OVO Energy	Large Supplier	Having a framework that will provide us with a standardised approach, we believe, will help move performance improvements forwards. Currently it is very difficult to recognise or even understand where things go wrong. We feel that we need to have some way of managing performance where the SEC currently allows for it to be acceptable because it is meeting a very specific target, but issues are still affecting customers and the service that we provide to them. There is a piece missing around the end-to-end performance. It would be great to have some measures related to the customer side i.e., does a customer have to wait for a top up to be visible on their devices? We also feel that success metrics would be of great benefit and have discussed this at such forums as PMRG.
Electricity North West Limited	Network Party	We recommend this modification is closely aligned with outputs of Ofgems Energy Code Reform Significant Code Reform which is expected to publish further updates this calendar year.
ENGIE	Small Supplier	In principle we support the concept of a SEC PAF, but in addition to the comments made above we would look for the SEC or its appointed Service Providers to take on as much of the administrative burden of operating the PAF as possible (particularly regarding supporting data for any measures introduced). We would also expect the PAF to provide meaningful support to Parties in understanding the framework and providing clear guidance how non-compliances can be corrected, and for performance measures to be effectively targeted at a limited set of risks, the mitigation of which will deliver meaningful consumer benefits. The timing and phasing of the introduction of any framework should also be given careful consideration in the wider context of market instability and the additional administrative and regulatory demands this continues to place upon market participants.

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Question 4		
Respondent	Category	Comments
Data Communications Company	Other	In terms of next steps, it is vital that any modification provides sufficient time for an orderly transition to new arrangements. For example, in some cases, new metrics may require a Full Impact Assessment by DCC to ensure industry understands the impacts on DCC Systems, our Service Provider contracts and ultimately industry charges. DCC may also need time to reflect any new reporting requirements into its contracts. These points must be factored into any plan.
EDF	Large Supplier	We echo the view from the DCC that the introduction of a SEC PAF should be an opportunity to improve and simplify the current arrangements rather than drive further inefficiency, complexity and additional cost on consumers. We have seen that the new REC Performance Regime has placed a significant burden on REC Parties, mainly through significant monthly reporting requirements, with no clear benefit to date in terms of evidently improved performance. Any SEC PAF needs to be appropriate to the extent of the risk that will be mitigated – and delivered in the most cost-effective manner possible, minimising the burden on the parties that are subject to the SEC PAF.
National Grid Electricity Distribution	Network Party	Although we have experienced issues that could have fallen in scope of a PAF we accept that there is currently not enough detail known to be able to identify whether a PAF should be implemented or not. However we do believe that the impact of the examples known provide enough justification to continue to investigate the possibility of implementing a risk based PAF.
British Gas	Large Supplier	As stated in our answer to Question 2, any future PAF needs to be targeted and selective in what it addresses. We would be particularly concerned by any proposal of a “REC-style” PAB – that would be costly to deliver, and a burden to SEC Parties, rather than a benefit. Any SEC PAB also needs to be resourced by people who (1) fully understand how the SEC operates, and (2) are able to understand quickly which matters are significant and which are not. Any future PAF’s work should be targeted rather than generally fishing for breaches. It should focus primarily on issues that have a consumer impact – eg any compliance breaches that may be hindering prepayment customers being able to vend, or a customer’s smart meter installation being successful.