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Action:	For Discussion
<u>Acronyms and Defined Terms SEC Glossary</u>	

Ofgem Consultation – Revisions to OPR Guidance

1. Purpose

Ofgem is consulting on further revisions to its Operational Performance Regime (OPR) guidance document. This paper provides the Operations Group (OPSG) with a summary of those changes and seeks views from members on the issues raised to inform a Smart Energy Code (SEC) Panel response.

A copy of the consultation document can be found [here](#). The consultation closes on 23 February 2024.

The OPSG is requested to note the content of the paper and discuss the issues raised.

2. Background

The OPR guidance sets out the methodology of the OPR measures covering System Performance, Contract Management and Customer Engagement. Ofgem is setting out some proposed changes to these, which are summarised in Section 3 below. It is proposing that the changes to System Performance will come into effect from Regulatory Year 2024/25 (RY24/25) but the changes for Contract Management and Customer Engagement would commence from 1 April 2024.

Ofgem had previously signposted it would consult on such proposals in its recent RY22/23 Price Control consultation.¹

3. Proposed revisions to the OPR guidance

3.1 System Performance

Ofgem intends to reduce the weighting of System Performance margin at risk by 10% and to increase Contract Management by 10%, and to zero-weight the metrics associated with Service Reference Variant (SRV) 8.11. Ofgem consider the revision appropriate due to a combination of factors: firstly, the Data Communications Company (DCC) has yet to agree an enduring set of metrics, and secondly the proposed reduction in the weighting applied to the SRV 8.11 to zero. Once an enduring set of

¹ <https://www.ofgem.gov.uk/publications/dcc-price-control-consultation-regulatory-year-202223>

system performance measures is agreed, Ofgem will reconsider the weighting and an appropriate incentivisation regime.

The issues raised by Ofgem in relation to the SRV 8.11 has previously been discussed at the OPSG, culminating with opinion provided to Ofgem in May 2023. A copy of the OPSG Chair's letter to Ofgem dated 12 May 2023 is attached as Appendix A.

The proposed changes will come into effect for RY24/25.

Ofgem has posed two questions (questions 1 and 2 below) in respect of System Performance proposals. OPSG members are asked to provide views, particularly if the position on the issue of control of the SRV 8.11 remains the same as that in the OPSG letter to Ofgem dated 12 May 2023.

Question 1: What are your views on the proposed weighting changes?

Question 2: What are your views on adjusting the weighting of the SRV8.11 performance measure for the remainder of the interim OPR?

3.2 Contract Management

Ofgem proposes to increase the margin associated with the Contract Management measure by 10%, as noted above. It is also proposing changes to the Terms of References (ToR) under which the independent auditor undertakes its review. Ofgem is proposing five additions to the independent auditor ToR:

- The ability to request more information direct from the DCC to aid audit investigations.
- To be able to request face-to-face or on-site meetings with DCC employees and service provider staff.
- Assessing the DCC's preparations for the end of the current DCC Licence (currently September 2025).
- Providing recommendations on the discrepancies found in the audit.
- Assessing DCC improvements based on previous recommendations.

The proposed changes will come into effect from 1 April 2024.

Ofgem has posed two questions (questions 3 and 4 below) in respect of the Contract Management updated to the ToR. OPSG members are requested to provide their views.

Question 3: What are your views on the proposed changes to the contract management Terms of Reference? Do you agree with our proposals?

Question 4: Do you consider any further changes are required to expand the Terms of Reference?

3.3 Customer Engagement

Ofgem proposes to update the scoring methodology and to reduce the number of questions asked to improve engagement from stakeholders and improve clarity.

Ofgem proposes to introduce further granularity in the scores that the Panel and the DCC provide to one decimal place. Ofgem believes this will enable a better assessment of the DCC's performance and ensure the customer engagement score is better reflective of performance.

Ofgem also proposes to reduce the number of questions that stakeholders are asked, with these focusing on the process of feedback within the three key themes of the engagement questions (timing, quality and taking account of customer views). The table in Annex 1 details the revised questions.

We and the DCC held discussions with Ofgem following last year's OPR submission and requested these changes to drive better engagement with stakeholders.

The proposed change will come into effect from 1 April 2024.

Ofgem has posed two questions (questions 5 and 6 below) in respect of Customer Engagement The OPSG is requested to provide its views to inform a Panel response.

Question 5: Do you agree with the proposed changes for customer engagement?

Question 6: Do you think any additional considerations need to be made for customer engagement?

4. Next steps

We will collate views and reflect these in a draft SEC Panel response. We will then seek the Panel's input and approval of this.

The consultation closes on 23 February 2024, which is before the February Panel meeting on 27 February. We have asked Ofgem for an extension to provide the SEC Panel response, to allow the Panel to consider the response at the meeting. Ofgem has agreed to this.

5. Recommendations

The OPSG is requested to:

- **NOTE** the changes proposed by Ofgem to the OPR guidance; and
- **PROVIDE** views to the questions set out in Ofgem's consultation.

Tim Newton

SECAS Team

6 February 2024

Attachments

- **Annex 1:** Revised Customer Engagement Questions
- **Appendix A:** SRV 8.11 OPSG views to Ofgem

Annex 1: Revised Customer Engagement Questions

Aspect of Customer Engagement	Question Number	Assessment Questions	Weighting
Timing of DCC Communication	1	Has the DCC communicated with its customers appropriate times to seek their views and provided timely updates on its activities? (This includes providing general updates, reactive engagement, and unplanned issues). Please provide your rationale.	25%
Quality of DCC Communication	2	Has the DCC's communication with its customers been tailored to the relevant audience and timed appropriately which enabled the audience to understand the issues to act on or provide feedback appropriately? (This includes providing customers with clear information on costs, benefits and/or consequences of the decisions and on DCC's broader engagement) Please provide your rationale	25%
Taking account of Customer views	3	Has the DCC clearly explained how the views of its customers have informed its decision making, and where relevant, why DCC has decided not to incorporate these views? Please provide your rationale.	50%