



OPR Recommendations OPSG Update

Version: 1.0
Date: 02 February 2022
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Classification: DCC Public

1. Introduction

DCC is grateful to our customers for their responses to our Consultation on the OPR System Performance Alternative Model (December 2021), one of which was from the SEC Operations Group (OPSG).

The purpose of this paper is to provide an update following the consultation and request OPSG support for recommendations to Ofgem concerning the Operational Performance Regime (OPR) Systems Performance metrics for implementation as of Regulatory Year 2022/23.

We will shortly be making our recommendation to Ofgem, and we are keen to ensure that we accurately reflect the OPSG views on the key components. We are assuming that the OPSG response is a summarised collective view of OPSG members so will focus primarily on this response in discussion with the OPSG; we will however also be responding separately to the responses received from individual parties and will be reflecting these responses in our submission to Ofgem for full transparency.

Across the responses there were some areas of commonality and there was a level of support for some of the recommendations. There are also some areas which may have been misinterpreted, and/or the responses were not consistent. We would like to explore these areas with the OPSG further to ensure we are able to represent customer views in our submission to Ofgem accurately.

Ofgem will require sufficient time to consider and implement new measures and as such the February OPSG Meeting will be the last opportunity to clarify the OPSG views, so we intend to focus discussion on the areas where responses have been unclear or inconsistent.

It was clear from the consultation responses that regardless of the immediate need to agree OPR measures for adoption in RY22/23 there remains an appetite to continue to explore enhanced reporting capability (e.g., Target Response Times (TRT's)) and DCC is committed to supporting this activity via the appropriate SEC governance.

2. Context and Background

2.1. OPR Working Group

Following discussions with Ofgem, DCC invited customers to take part in a series of OPR Working Group meetings in Q1 RY21/22 to address the challenges associated with delivering the new OPR published early last year.

The OPR Working Group was presented with the estimated costs and timescales to deliver some elements of the new OPR. It was agreed that development should not progress at that time, and that alternative measures should be identified. It was noted that although there was no support from the OPR Working Group for progressing development to support the new OPR, future development to support enhanced measurement and performance of TRTs may still be appropriate, and if this were to be the case then it should be progressed via the appropriate SEC Governance.

DCC submitted the findings from the OPR Working Group to Ofgem in August last year and in response, Ofgem requested that DCC work with customers to identify alternative measures that would be appropriate for the OPR.

Customers noted their appreciation for the transparency and engagement offered by DCC during the OPR Working Group sessions, and we hope that customers feel that this has continued with the discussions with OPSG over the past few months. DCC would like to thank customers who participated in the OPR Working Group.

2.2. OPSG Engagement and Customer Consultation

DCC are grateful for the opportunity to engage with the OPSG over the past few months to discuss potential measures that could be considered for inclusion in the OPR as of RY22/23. Following extensive discussions with OPSG, DCC published a customer consultation in December last year with a proposed set of measures to replace the measures that the current systems are not able to measure or report on.

DCC is seeking further clarification and guidance from the OPSG based on the consultation responses, which will inform the recommendation to be submitted to Ofgem following the February OPSG Meeting.

2.3. Proposed Measures: Key Principles

DCC has discussed with OPSG and Ofgem the need for OPR Measures to meet an agreed set of principles appropriate for an incentive regime, which includes the following;

- The performance measures (and the associated targets) in the OPR must align to those in the DCC Service Provider contracts.
- DCC can only be held accountable, and therefore incentivised, for the performance of DCC controlled elements of Smart Meter system.
- Any changes (technical and contractual) required to support new measures must be implementable ahead of RY22/23.

OPSG noted that these principles could be considered constraints rather than principles. DCC noted that contracts and systems can be changed via SEC Governance, and measures that are unsuitable for inclusion in the OPR at this time could be considered for future inclusion subject to changes being delivered. DCC will support changes that increase transparency and granularity of reporting.

Whilst there are some measures that we are not recommending for inclusion in the OPR because they do not comply with the principles set out above, this does not preclude DCC from providing additional reporting outside of the OPR. DCC is committed to delivering the additional reporting discussed with the OPR Working Group and subsequently with the OPSG.

DCC has raised SECMP0187 to introduce targets for Round Trip Times and Delivery Success Rates, and we have offered to add proxy SRV reporting (against critical business processes such as Prepayment and Install & Commission) to the PMR Annex to provide customers with a good indication of DCC performance in these key areas.

3. OPR Overview

The table below provides a summary view of:

- The current active OPR Measures
- The measures contained within the March '21 Guidance
- The measures proposed by DCC in the customer consultation issued in December last year
- Selected headlines from the OPSG response to the customer consultation
- An updated view from DCC following the consultation (with some of the key discussion points)

Further detail is provided in section 4.

OPR Measures Systems Performance		Current Active OPR Measures	Ofgem March '21 Guidance	DCC Proposal (as per Consultation)	OPSG Headline Response (as per Consultation)	DCC Updated Proposal (following Consultation)
DCC Service Desk	Reporting and resolution of category 1-5 incidents (CPM4/5).	25%	Removed 0%	No changes proposed by DCC	Not applicable	No changes proposed by DCC
Comms Hubs	Comms hub metrics (Reported SP measures).	25%	Removed 0%	No changes proposed by DCC	Not applicable	No change proposed by DCC
Core Service Requests	DCC Response Times in TRT (CPM 1/2/3).	25%	Removed 0%	No changes proposed by DCC	Not applicable	No changes proposed by DCC
Service Availability	Availability across 5 interfaces (CPM6).	25%	% Changed 33%	No changes proposed by DCC	Not applicable	No changes proposed by DCC
Firmware Management	Firmware downloads in Target Response Time of 24 hours.	No	Dormant 0%	Remove Firmware and work with customers to identify future measure.	Support identification of future measure but consider use of PM2.	Discuss: Remove Firmware but note OPSG consideration of PM2.
Install and Commission	8 SRVs – percentage of SRVs delivered in TRT (30 Seconds).	No	Added 33%	Replace with 5 alternative reportable metrics related to Install & Commission.	Concerns over validity of Supply Chain measure. Consider 8.11 for future.	Discuss: Stick with proposed measures but consider priority weighting.
Prepayment / Time-based	3 SRVs – Percentage of SRVs delivered in TRT (30 seconds).	No	Added 33%	Replace with 4 reportable Time-based metrics (CPM1). DXC exempt RY22/23.	No support for DXC exemption. Request for more information on Test HAN.	Discuss: DCC to provide further rationale for proposal to exclude DXC initially.
Incentive Methodology	St. line taper between TPL and MPL. Drops to zero below MPL	Yes	Replaced by Mechanism A	No changes proposed by DCC	Not applicable	No changes proposed by DCC
(A) Incentive Methodology	% retained at MPL reduced to 50% of Margin	No	Added	No changes proposed by DCC	Not applicable	No changes proposed by DCC
(B) Incentive Methodology	Regional incentivisation (perf in one region can impact another).	No	Added	Agree with Regional Incentivisation but incentivise each region individually.	Support regional measurement and incentivisation but not different targets.	Discuss: Incentivise regions individually and explain rationale for targets.

4. OPSG Discussion Points

DCC is seeking to discuss with OPSG the areas of contention or disagreement based on the Consultation responses, with a view to ideally reaching a consensus, but at the very least enabling DCC to present a clear view to Ofgem.

4.1. DXC Exclusion

As outlined in the customer consultation published in December, DCC intended to propose DXC performance be excluded from the SMETS1 Metric in RY22/23 to provide a reasonable opportunity for DCC to work with DXC to resolve early-life issues before financial penalties are applied.

DCC believe that this approach is appropriate, and that time should be allowed for DCC to work with DXC to resolve early-life issues. Based on the responses to the consultation which makes it clear that customers do not support DXC being entirely excluded for RY22/23, **we would like to discuss with the OPSG an updated recommendation to limit the DXC exclusion to Q1 RY22/23 only, providing DCC reasonable time to resolve the issues that have surfaced in early life.**

4.2. Firmware Management

Firmware Management was noted as a dormant measure in the OPR Guidance issued by Ofgem early last year. Based on the delivery of two inflight SEC Modifications it was expected that the measure would be made active as of RY 24/25.

DCC believe that the measure as currently defined does not meet the key principles outlined in section 2.3 above, and as such recommends that this measure be removed and that DCC should work with customers to identify a suitable Firmware Measure to be included in the OPR in the same timeframe that the existing dormant measure would be expected to be made active.

All customers responded positively to the DCC recommendation that Firmware Management should be included in the OPR in the future and that parties should work together to identify the most suitable measure.

One of the consultation responses proposed that DCC report on PM2 and one of the responses suggested that PM2 should be included in the OPR until an alternative measure can be agreed. DCC currently report on PM2 and will continue to do so. A significant amount of work has been done in conjunction with Arqiva on improving performance in the North over the past 12 months and this work

will continue. DCC recognises the importance of Firmware Management and is committed to continued performance improvement.

Due to the influence that customer systems/behaviours can have on the performance of PM2, DCC do not agree that this meets the principles set out in section 2.3 above and as such will be proposing to Ofgem that Firmware Management be removed from the OPR until an appropriate measure can be agreed.

We will ensure there is clear ownership within DCC to lead discussions with customers to identify and agree an appropriate Firmware Management measure for future inclusion in the OPR. We will develop and share a plan with OPSG so that timescales for this activity can be agreed and we will provide regular updates to OPSG to share progress and invite input.

4.3. Mechanism B

Based on the responses to the consultation, DCC believe there may have been some confusion regarding the recommendation relating to Mechanism B and regional incentivisation.

There was full support for regional measurement and reporting, and general support for regional incentivisation, although one response suggested that regional incentivisation is not supported. However, we believe it may be that the response was objecting to regionally differentiated targets.

DCC is seeking clarification from OPSG that customers are supportive of regional measurement and incentivisation, and that any lack of support is aimed at the different regional targets.

DCC do not have any issues with regional measurement and incentivisation, but we believe that if this is to be introduced then each region should be treated independently of the others so that it is true regional incentivisation.

Mechanism B works in such a way that performance in one region can impact the retained margin in another region; DCC does not feel that this is appropriate and as such, **DCC is inclined to recommend to Ofgem that Mechanism B be amended accordingly. We are keen to discuss this with OPSG so that members are clear on our recommendation, and so that we are able to clearly reflect the OPSG view in our submission to Ofgem.**

4.4. Target Consistency

All customers questioned the validity of having different targets across regions for some of the proposed measures and requested that DCC provide the rationale for this.

Whilst DCC understands the customer appetite for consistent targets across all regions for all measures, the targets proposed by DCC are consistent with the targets in the contracts and the PMR, and as such DCC is not inclined to change the recommendation. It should be noted that this only impacts two of the proposed metrics.

The target inconsistency has always existed in the contracts, and likely reflects the different technologies used in the different regions. It is noted that whilst the technology in the CSP.SC regions offer greater throughput and speed, the technology in the CSP.N region offers superior range and the ability to cope with the inherent geographical challenges.

DCC would welcome discussion with customers about following SEC governance to align targets across regions in the future where the technology allows, with any changes made naturally reflected in the OPR.

4.5. Install & Commission Measures

Some concerns were raised relating to the relevance of the logistics-focussed measures proposed within the Install & Commission section of the OPR. DCC notes these concerns, but we continue to believe that

these are most appropriate measures for this section of the OPR, based on the need for measures to comply with the principles stated in 2.3 above.

However, noting the comments from customers in the consultation responses, DCC would welcome discussion with the OPSG on two areas within Install & Commission.

- (1) The global issues that have impacted the supply chain may persist and customers have raised the prospect that DCC's application for a derogation would render this measure inappropriate. DCC would welcome the views of the OPSG as to whether this measure should be removed or made dormant (and as such zero weighted) until such time as global supply issues have been resolved.
- (2) Whilst noting the link between Logistics and Install & Commission, there was a general view that the logistics measures were less of a priority than the Install & Commission measures. DCC would welcome the views of OPSG as to whether the weightings within this section of the OPR should be adjusted to reflect relative priority.

Some customers proposed the inclusion of SRV8.11 within the Install & Commission section of the OPR; DCC has previously considered the inclusion of SRV8.11 but it does not meet the principles set out in section 2.3 above, and as such DCC does not recommend this measure. However, subject to the necessary changes being made to contracts, this could be considered for inclusion in the OPR in the future. These changes would need to be instigated by customers and any associated costs approved via the appropriate SEC governance.

4.6. Test HAN Command

The TEST HAN metric (RTT4) was included in the set of Time-Based metrics because this is the accepted method by which CSPs provide evidence for compliance with their TRT of 25 seconds. Test messages are injected into the network and the time to the Coms Hub and back is measured. The profile and strategy for injecting test messages are in line with the requirements specified in the SEC.

Although, this metric is providing a view of general compliance to messages requiring a 25 second TRT, we also put forward the view that there is no reason why the RTT4 would behave in a different way to a prepayment vend (SRV 2.2), and therefore it could act as a proxy. OPSG has questioned this logic and ask that a side-by-side comparison be provided.

The comparison will be provided by DCC, however we wanted to reiterate that the inclusion of the TEST HAN RTT 4 metric was mainly to provide evidence of TRT compliance, with a *secondary* characteristic of it being a proxy for prepayment.

Without including this metric in the set of Time-based metrics the TRT performance of the CSPs will not be measured. Therefore, we recommend it is included with the acknowledgement that it is not a perfect proxy for a prepayment message.

DCC would welcome ongoing discussion with customers about the Test HAN Command, and if required the Performance Measurement Methodology (PMM) and the contracts could be reviewed to ensure the Test HAN Command delivers the best possible indicator of network performance.

5. Summary

DCC welcomes the support given by customers and the OPSG over the past few months and we hope that in addition to agreeing a new OPR, discussions will continue with a view to increasing the transparency and granularity of reporting and building on the positive discussions had throughout the process that have led to positive actions such as the raising of SECMP0187 and adding proxy reporting to the PMR.

DCC acknowledges customer frustration that it was not possible to implement the OPR Guidance issued by Ofgem early last year due to technical and contractual constraints. DCC also recognises customer disappointment that these constraints have prevented the inclusion of some preferred measures (e.g., SRV8.11) in the recommendation that DCC intends to submit to Ofgem this month.

Whilst these frustrations make it difficult for the OPSG to offer enthusiastic support for the DCC recommended measures, we would ask the OPSG to support the following statements:

- OPSG recognises that there are currently technical and contractual constraints that prevent some preferred measures being included in the OPR at this time.
- DCC has engaged with customers in an open and transparent manner, initially with the OPR Working Group and subsequently with the OPSG and the Customer Consultation.
- DCC has demonstrated a willingness to work with customers to identify measurement and reporting improvements that can be implemented outside of OPR (e.g., SECMP0187).
- OPSG accepts that no suitable alternative measures (measures that comply with the agreed principles) have been identified.

DCC will commit to supporting customers with the progression of improvements to measures (with both technical and contractual changes) via appropriate SEC Governance, that could enable the OPR to be further enhanced in the future. We would expect this to include agreeing appropriate Firmware Management measures, seeking to align regional targets, and the implementation of TRT reporting.