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Paper Reference:	SECP_107_1208_03
Action:	For Decision
<u>Acronyms and Defined Terms SEC Glossary</u>	

Communications Hub Delivery Reporting

1. Purpose

This paper provides an overview of recent discussions at the Operations Group (OPSG) regarding the transparency and representation of Communication Hub (CH) deliveries in the Performance Measurement Report (PMR), in relation to the global supply chain issues.

The Panel is also asked to note the observations raised by the OPSG and endorse the letter to Ofgem on behalf of the OPSG.

2. Context

The DCC has been engaging with energy industry participants via the Operations Group, Supply Chain Working Group, and the Smart Metering Delivery Group (SMDG) to provide updates and discuss key risks and issues in relation to the global supply chain issue.

[MP130 'CH order and delivery changes due to COVID-19'](#) introduced the Temporary CH Ordering and Delivery (TCHODR) during the COVID-19 Pandemic to manage and lower CH orders and deliveries to Users, given the reduced capability to install and hold CH stock.

[MP188 'Temporary Communications Hub Ordering and Delivery Rules extension'](#) sought to extend the TCHODR rules from 31 December 2021 to an approach whereby the TCHODR would outline the applicability period for each mechanism, and the DCC would consult and then seek Panel approval on any amendments to the mechanisms and applicability dates.

The DCC has been actively engaging with Parties to understand stock needs and requirements and ensure Parties have sufficient stock to fulfil installations targets.

3. Overview

At the OPSG_75 on 12 July 2022, an OPSG member challenged the DCC's representation of CH Deliveries under Service Provider metric CH1.1 *'Percentage of Communications Hub delivered on time'*¹.

The OPSG member disagreed that the current reporting was consistent with the SEC and that the DCC approach may cause an inaccurate perception of CH deliveries e.g., to for example BEIS and

¹ DCC Performance Measurement Methodology – Section 4.11

Ofgem. BEIS noted that it is aware of the issues being faced by energy suppliers. The DCC was also challenged on the interpretation of 'reasonable delivery options'² in SEC Appendix H when deferring deliveries due to the global supply chain issues.

The OPSG discussed the SEC definitions and PMR reporting on 25 July 2022 (OPSG_76) and it was noted that Parties have been disadvantaged by the delays in CH deliveries, which is not being appropriately reflected in the PMR. The OPSG noted that more transparency is needed, and that these issues should be reflected in the PMR. The DCC agreed that this will be reflected from the June PMR onwards, and that the figures for February 2022 onwards will be restated on the same basis.

The OPSG agreed that it was not clear that the DCC's application of 'reasonable delivery options' was unreasonable in the circumstances, although noted that if a Party wanted to change that terminology, then a Modification Proposal would be required. It was also noted that if a Party wanted to challenge any specific instances where they felt the DCC was not providing 'reasonable delivery options' then they could consider exploring the [Appeal, Negotiations, Disputes, Referral or Events of Default](#) processes.

The OPSG is content with the DCC agreement to make the reporting more reflective and transparent, but also requested that a formal letter be sent to Ofgem to highlight the issues faced by Parties and lack of previous reporting transparency. The letter was shared with OPSG members for review on 3 August 2022 and any changes will be noted to the Panel on 12 August 2022.

The letter is attached in Appendix A.

4. Recommendations

The Panel is requested to:

- **NOTE** the OPSG observations in relation to CH deliveries; and
- **ENDORSE** the content and sending of a letter to Ofgem on CH deliveries.

Joey Manners

SECAS Team

5 August 2022

- **Attachments: Appendix A** – Letter to Ofgem on CH Deliveries v0.1

² [Section 6.5-6.9 – SEC Appendix H – CH Handover Support Materials](#)