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Paper Reference:	SECP_87_1112_11
Action:	For Decision

Operational Performance Regime – Guidance for Customer Engagement

1. Purpose

This paper sets out draft guidance for how the SEC Panel will feed into the new Operational Performance Regime (OPR).

The Panel are requested to agree the approach set out within so it can be fed into Ofgem's wider consultation on OPR guidance in January 2021.

2. Background

In October 2020, Ofgem published their conclusion on proposed changes to the DCC Operational Performance Regime (OPR), this can be found [here](#). It will see DCC performance measures split into three areas:

- Systems Performance
- Customer Engagement
- Contract Management & Procurement

For the areas relating to Customer Engagement and Contract Management & Procurement, direct Panel input will be required. In January, Ofgem plan to issue a consultation on OPR guidance that will set out the detail of how these processes will work.

To assist in development of the guidance, we have set out below how we believe Panel input into the performance measures will be managed. The intent is to seek Panel agreement on the process to be followed, highlight any areas where further detail is needed, and then feed this into the Ofgem consultation.

A separate Panel paper (SECP_87_1112_12) is being presented to the Panel at the December 2020 meeting detailing the Panel's proposed involvement in the Contract Management & Procurement performance measure. Consequently, this paper focusses solely on the guidance for the Customer Engagement measures.

3. Customer Engagement

To underline the importance of understanding its customers' needs, and in recognising concerns customers have raised, Ofgem have introduced financial incentives for Customer Engagement, equating to 15% of the total margin at risk.

It proposes to assess the DCC against three areas:

1. The timing and frequency of engagement
2. The quality of the information provided
3. How customer views have been taken into account in decision making

The new OPR framework would rate the measures by having the DCC and SEC Panel each provide an assessment of DCC's performance over the previous year. Ofgem will review this and award a score to be included in the DCC Price Control findings.

Ofgem have specified that, as part of the assessment process, the Panel must not rely solely on the engagement between the Panel and the DCC but must seek wider input, ensuring that any other engagement between the DCC and Parties is taken into consideration.

As such, we believe the Panel input can be split into two main elements 1. SEC Governance Engagement and 2. Wider SEC Party engagement.

3.1 SEC Governance Engagement

This section covers DCC's engagement with the Panel and the SEC Sub-Committees. For the purposes of responding to the OPR measures, we have categorised DCC engagement as either 'Standard Engagement' or 'Project Engagement'. For both types of engagement, we believe it would be useful to clearly document what is expected by the Panel so that reporting on DCC performance is less subjective.

Standard Engagement

Standard engagement encompasses the regular engagement activities DCC undertakes with the Panel and its Sub-Committees. This includes required reporting and actions which the DCC are obliged to engage on with the committees, such as Performance Reports or information on Major Incidents. It also includes performance on the general committee process. For example, papers for agenda items, committee timescales adhered to, and clear recommendations/asks in any committee business.

The required steps for each committee would be set out in such a way that it is clear to the DCC the process they need to follow. This will ensure consistency and remove any possible misunderstanding of process. For completeness, the DCC's reporting obligations should also be captured in a single place so it is easy to track performance.

As part of the OPR engagement process the Sub-Committees Chairs and members would provide feedback to the Panel on their experience and, where possible, metrics on performance e.g. number of late papers. This would then feed into the overall Panel submission to Ofgem.

We also believe there would be benefit in conducting a half yearly review between the Panel and DCC regarding the engagement measures. This would present a useful benchmark of performance to date and provide an opportunity for improvements to be made before the end of the Regulatory Year.

Project Engagement

Project Engagement would include all engagement activities associated with DCC projects or programmes. It is essential that project and communications plans should be agreed by the Panel at the outset. This would not only ensure that customer engagement is appropriate and proportionate (depending on the project), but also ensure there is a clear success criterion for engagement, making any assessment of metrics less subjective.

We would expect those project plans to include presentation and discussion of standard project documentation (e.g. project briefs, project initiation documents) with standard content (e.g. problem statements, scope, assumptions, timelines). This is critical to ensure full understanding of each project and that views are taken into consideration at the right time.

Whilst it has been documented in Panel papers before, clearly setting out the expectations of the Panel regarding information and communication for projects will be essential.

As part of the OPR Engagement measures submission to Ofgem, the Panel will set out views on engagement received against each DCC project/programme in progress, compared to the agreed approach.

Engagement Policy

As noted above, it is important to clearly set out the engagement requirements expected by the Panel. This will provide clarity to the DCC as to what is expected and certainty on what it will be measured against.

In order to support this, we recommend drafting a Panel Engagement Policy to be shared with the DCC. For 'standard engagement', the policy would contain the timetables, expected process and required reporting for the Panel and Sub-Committees. For 'Project Engagement' it would set out clearly the expected process to follow when a DCC project/programme is raised, and ensure that engagement plans are agreed with the Panel at the beginning of the process. The policy would form the fundamental framework against which DCC engagement will be measured.

The Engagement Policy would be reviewed annually to ensure it is still fit for purpose for the upcoming Regulatory Year.

The Panel are requested to approve the development of the Engagement Policy with the aim of a draft being agreed at the March 2012 Panel meeting.

3.2 Wider SEC Party Engagement

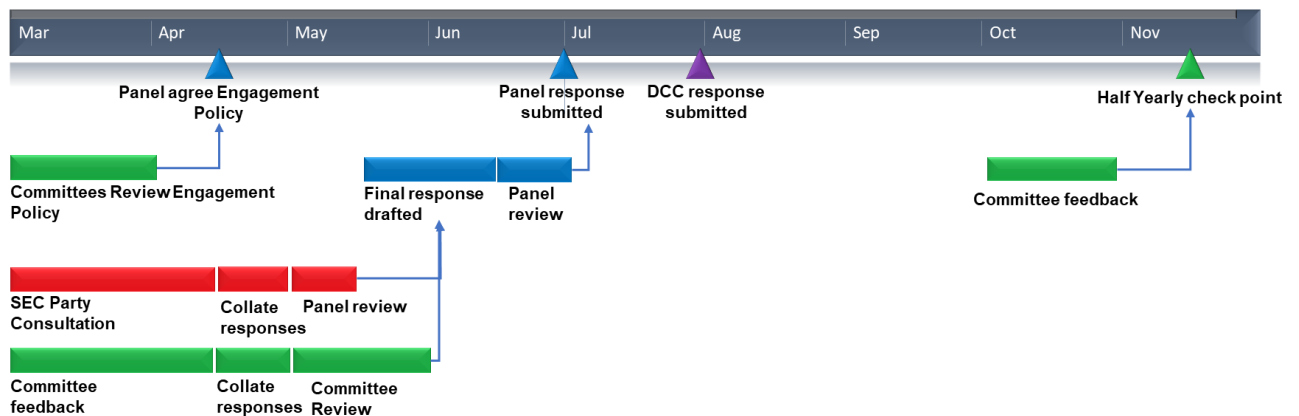
In order to seek the wider input Ofgem have requested, we recommend a consultation is issued in March and run to mid-April each year. The consultation would ask SEC Parties their experience of DCC engagement. The questions would be split between seeking feedback on BAU activities (such as regular notifications from the DCC, interaction with helpdesk, expected reporting etc) and feedback on any additional engagement, such as bilateral conversations that may have taken place. Responses will be treated as confidential but will be shared with the DCC and Ofgem as part of the submission.

A summary of the responses (alongside the full responses) would be presented to the Panel in May so the wider industry views could be taken into consideration as part of the final Panel submission in June.

3.3 Timings

Assuming the process as set out above is followed, we believe an annual timetable for feeding into the engagement measures would be:

Area	Action	Estimated Dates
Wider Engagement	SEC Party Consultation	March - Mid-April
	Collate SEC Party responses	Mid-April - May
	Present SEC Party views to Panel	May
Sub-Committee input	Seek Sub-Committee feedback and input	March - Mid-April
	Collate Sub-Committee views	Mid-April - May
	Sub-Committee review	May - June
	Present draft Sub-Committee views to Panel	May
Panel views	Seek Panel views on engagement	May
	Draft final response	May - June
	Panel review response	June
	Response submitted	July
Supporting steps	Annual review of engagement policy	March
	Panel confirm engagement policy	April
	Seek input from Panel and Sub-committee for half yearly review	October
	Panel present Half yearly review findings	November



3.4 Next steps

Subject to Panel views and agreement, we will discuss the proposed approach with Ofgem, who will include this in the OPR guidance issued for consultation in January. This should negate the need for significant comments from the Panel as part of the consultation process.

Furthermore, we will begin to draft an Engagement Policy in line with the information in this paper for Panel review.

4. Recommendations

The Panel is requested to:

- **APPROVE** the approach for responding to the OPR engagement measure as outlined in section 3 of this paper;
- **APPROVE** the creation of a draft Engagement Policy to underpin the process; and
- **NOTE** the estimated enduring timetable.

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SECAS Team

4 December 2020