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Paper Reference:	SECP_87_1112_13
Action:	For Decision

Draft response to DCC Price Control RY2019/20

1. Purpose

This paper sets out a draft Panel response to the Ofgem consultation on DCC Price Control for Regulatory Year (RY) 2019/20. The Panel are requested to approve this draft for circulation to the sub-committees to seek any additional views.

2. Background

On 23 October 2020, Ofgem published their proposals on DCC price control for RY2019/20 and are seeking feedback via a consultation that closes on 23 December 2020. The full Ofgem consultation can be found [here](#). Panel Paper 86_13_11_05 provides a summary of the consultation.

3. Next steps

Appendix A to this paper sets out a draft response on behalf of the Panel. Subject to the views of the Panel, the draft response will be circulated to the Sub-Committees for comment and to ensure that all relevant areas have been captured. A final version of the response will be sent to Panel members ex-committee on 21 December noting any changes from the version presented today, with the intent to submit to Ofgem on 23 December.

4. Review in April

To help support changes to the Operational Price Regime (OPR) metrics, Ofgem are asking the Panel to undertake a trial run of the engagement measures at the end of the RY20/21. This is to provide a benchmark for how engagement has been over the prior year and to help establish where it can be improved. Panel paper 87_1112_11 sets out the approach for the engagement review. Similarly, a review of DCC contract management is due to occur in Q1 RY21/22 for the same reason.

We believe it would be beneficial to also produce an Operational Report on operational issues at the same time. Documenting the operational performance of the RY20/21 year in Q4 RY20/21 would have the following benefits:

- It creates a record of operational issues as close as possible to the end of Regulatory Year, which makes responding to later Price Control reviews easier, as information is recent.
- It would provide a benchmark for the upcoming Regulatory Year. By stating the issues experienced over the previous Regulatory Year it allows for comparison at the end of the next Regulatory Year to see where improvements have been made.
- Completing a report in April would provide the DCC at least three quarters of the next Regulatory Year to address any concerns raised. We note such concerns would not be new as they would be based on issues experienced throughout the previous period. However, summarising them into a single source would help ensure improvements are made and provides an opportunity for the DCC to explain how the issues will be resolved.
- Any report could be issued to Ofgem for their consideration when they complete their Price Control review. Currently, the Panel respond in a reactive way by responding to a consultation of the findings. It seems more efficient to present Ofgem with relevant information as soon as possible after the Regulatory Year has finished, enabling them to make informed decisions as part of their review.

If the Panel approves, we would like to work with the Operations Group in March 2021 to create a report of the operational issues experienced in the RY20/21 period and aim to share that with the Panel at the April 2021 meeting. A final report could then be issued to Ofgem and the DCC by the end of April. At the very least, such a report would make responding to future Price Control reviews smoother.

5. Recommendations

The Panel is requested to:

- **APPROVE** the draft response for circulation to the Sub-Committees;
- **APPROVE** the creation of an Operational Report to be used to support the OPR

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Appendix A: Draft SEC Panel Price Control response