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# DP224 'SEC Performance Assurance Framework'

## Annex A

## Request for information responses

### About this document

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This document contains the full collated responses received to the DP224 request for information.

## Question 1: Does the issue identified under DP224 impact you?

Question 1			
Respondent	Category	Response	Rationale
<b>Alt HAN Co</b>	Other SEC Party	No	SEC obligations in scope of the Performance Assurance Framework (PAF) would come under the governance of SEC Panel. However, Party obligations relating to Section Z and the Alt HAN are governed by the Alt HAN Forum. Therefore we would expect DP224 PAF proposals would not apply to Section Z obligations and therefore not be within scope of the PAF. The Alt HAN Forum could establish activities akin to those imagined under a PAF should there be a need to strengthen compliance with Alt HAN obligations. This ensures there is no confusion over governance, duplication or unnecessary complexity to the existing Alt HAN arrangements.
<b>Npower Commercial Gas Limited</b>	Small Supplier	Yes	<p>There are currently no direct impacts of not having standardised Performance Assurance processes under SEC.</p> <p>We can however, see that as a Small Supplier SEC Party, that if an issue was ever raised with us that the current method of management may not be (a) appropriate; or (b) take into account the size of an organisation; and that therefore not having a Risk Based approach to Performance Management may mean that we have to engage with significant resource to trivial matters.</p>
<b>Scottish and Southern Electricity Networks</b>	Network Party	Yes	Yes, there would be benefits as we would be impacted by the implementation of the PAF, as we are currently unable to speak to a number of devices on our estate due to an obligation not being met.
<b>OVO Energy</b>	Large Supplier	Yes	Whilst the issues are not drawn out directly in the modification report, we are affected by performance issues relating to the obligations that are set out in the SEC.

Question 1			
Respondent	Category	Response	Rationale
			We also feel that we are impacted by performance that does not seem to be reflected in the current performance measurements as they are.
<b>Electricity North West Limited</b>	Network Party	Yes	As a SEC Electricity Network Party and DCC User we are obliged to comply with the relevant SEC requirements and we are reliant on other DCC users, SEC parties complying with their SEC obligations and the DCC delivering their DCC network services. The introduction and establishment of a new SEC Performance Assurance Framework (PAF) would impact ENWL as both a SEC Party and DCC User.
<b>ENGIE</b>	Small Supplier	Yes	We are an energy supplier and SEC Party installing, inheriting and operating DCC Smart Meters.
<b>Data Communications Company</b>	Other	Yes	<p>DCC is heavily reliant on other SEC parties to deliver its role as the central system delivery body effectively, and their performance impacts upon our performance. It is vital that the performance of industry parties beyond DCC is discussed and reviewed under any new assurance framework. It would be a major missed opportunity if the framework did not take this wider perspective into account.</p> <p>Reporting is integral to performance assurance. However, DCC already reports on over 80 measures within the Performance Measurement Report (PMR) reviewed by the Operations Group (OPSG). Whilst not directly linked to the absence of a Performance Assurance Framework, we believe this modification should be used as an opportunity to rationalise and consolidate DCC reporting requirements and metrics to re-focus on which matter most to customers. It should also have as an objective the removal of any overlap with the Operational Performance Regime (OPR) or other licence/code reporting requirements.</p>
<b>EDF</b>	Large Supplier	Yes	As a party to the SEC and as a recipient of the DCC services defined in the SEC we, and our customers, are directly impacted when other SEC parties, including the DCC, fail to meet their obligations and/or performance standards.

Question 1			
Respondent	Category	Response	Rationale
National Grid Electricity Distribution	Network Party	Yes	We believe the issues in this modification will impact us. This is because we have previously been impacted by performance issues that we believe would have benefited from having had a PAF in place. We believe that the development and implementation of a risk based PAF would have ensured collaboration and effective error correction between SEC Parties in a timelier manner.
British Gas	Large Supplier	Yes	See answers below

## Question 2: Do you believe there is an industry benefit for this Draft Proposal to be developed further?

Question 2			
Respondent	Category	Response	Rationale
Alt HAN Co	Other SEC Party	-	-
Npower Commercial Gas Limited	Small Supplier	Yes	<p>We believe that putting in place a Risk Based Performance Framework will ensure that appropriate focus is given to higher impacting problems.</p> <p>We also believe that the approach should take into account not just Suppliers performance but also any other parties who provide SEC Services that have the potential to impact Suppliers.</p>
Scottish and Southern Electricity Networks	Network Party	Yes	<p>We believe that this would more greatly improve the performance against obligations and confidence within SEC parties that these obligations are being met.</p>
OVO Energy	Large Supplier	Yes	<p>Absolutely. Having a standardised manner of identifying performance issues and dealing with them, we believe, is missing, as is the ability to get them properly addressed.</p>
Electricity North West Limited	Network Party	Yes	<p>We agree with the principle that the implementation of a risk-based SEC PAF could give confidence to SEC Parties that: 1) the obligations set out in the SEC are being fulfilled, 2) they are not being disadvantaged, either individually and collectively, by the failure of any one Party to meet its obligations; and 3) Performance risks and issues are dealt with in a standardised manner.</p> <p>We disagree the DCC obligations should be excluded from the PAF. Rather, we recommend the PAF covers all SEC parties including the DCC. In the event the DCC are excluded, we do not see the benefit to Electricity Network SEC Parties from a SEC PAF (refer to our response to Q3).</p>

Question 2			
Respondent	Category	Response	Rationale
			<p>We welcome that the proposed solution from the SECAS project for a prioritisation process (a 'Risk Evaluation Methodology') to be developed and managed by a SEC PAB and it would be subject to a periodic consultation with SEC Parties and endorsement by the Panel, providing for an additional level of scrutiny to give confidence to Parties that performance assurance activities are proportionate and not unduly onerous or intrusive.</p> <p>We disagree that SEC Section G Security should be excluded from the scope of the PAF. Instead we recommend this modification represents an ideal opportunity for the Section G Security annual user security assessments to be assessed to determine if annual user security assessments across all parties is still fit for purpose. Through the refinement of this modification it could be determined that security best sits under a new risk based PAF which assigns appropriate weighting and targets those risks which are material as per the REC and BSC PAFs, rather than the broad current SEC annual user security assessments. The current assessments focus on documentary compliance (policies and process) and theoretical application of risks, a reset of the assessments to instead monitor actual real world threats and assess risk across physical environments may be a better approach</p> <p>In the event, that the SEC Section G annual user security assessments is not replaced with this new PAF, we agree this SEC section should be excluded from the PAF to avoid duplication.</p>
ENGIE	Small Supplier	Yes	<p>We are generally supportive of further development of the draft proposal as, if progressed in a collaborative way, it offers an opportunity to improve outcomes for consumers through the more efficient operation of Smart meters, and could define a risk hierarchy which would allow for better targeting of Parties' resources than is currently the case. However, any proposal needs to be developed with due regard to the relative stability of the market and the capacity of SEC Parties to take on additional regulatory demands.</p>

Question 2			
Respondent	Category	Response	Rationale
Data Communications Company	Other	Yes	<p>We are supportive of the purpose underpinning this Draft Proposal. The performance assurance landscape has become overly complex and unwieldy. We want to work with SEC parties to ensure that any reform is seized as an opportunity to improve and simplify the status quo rather than drive further inefficiency, complexity and additional cost on consumers.</p> <p>When developing this Draft Proposal, careful consideration needs to be given to any financial incentives introduced under any new assurance framework. DCC is subject to rigorous performance oversight by Ofgem through the OPR. This regime financially incentivises DCC in three main areas: system performance, customer engagement and contract management. In a recent SECAS recommendations paper, reference was made to the use of 'performance assurance techniques' including 'financial sanctions' under any new PAF (see Section 9 of SECP_111_1612_08_Appendix C). DCC has serious reservations with this if they apply to DCC. The primary vehicle for any operational financial incentives on DCC should remain the OPR alone whilst the Price Control process forms the major part of DCC's financial incentive framework.</p>
EDF	Large Supplier	Yes	<p>In our view there is a clear benefit in developing this proposal further.</p> <p>We don't want to prejudge the outcome of the change process or define a preferred outcome at this stage, however there is clear value to understanding whether/how a formal Performance Assurance regime under the SEC, with a defined Performance Assurance Framework, could identify and mitigate risks to consumers, and to the wider smart metering ecosystem.</p> <p>Smart metering and the DCC's services are critical not only to the consumer experience of the energy market, but also to the success of wider transformation projects like Market-wide Half Hourly Settlement (MHHS). It seems counterintuitive for there to be no formal framework for identifying risks, monitoring performance, and addressing poor performance where it occurs and where it directly impacts consumers, or smart metering more widely.</p> <p>A Performance Assurance regime shouldn't be introduced under the SEC purely because something similar exists under other codes – it needs to have a clear purpose, defined remit and clear scope, that</p>

Question 2			
Respondent	Category	Response	Rationale
			is not duplicative of the obligations under other codes such as the REC and the BSC. The development process for this change should address these concerns and make it clear whether a SEC Performance Assurance regime would add value to the existing arrangements and drive performance improvements.
<b>National Grid Electricity Distribution</b>	Network Party	Yes	The Smart Metering Infrastructure is overly complex and therefore we believe that the potential implementation of a risk based PAF could help to identify, evaluate and assess materiality of risks. We note that there was challenges in securing participation in the PAF Project Working Group discussions however we believe that there is benefit in further development and consideration of the Draft Proposal.
<b>British Gas</b>	Large Supplier	Yes	<p>Yes, we think there is an industry benefit for this Draft Proposal to be developed further, and for the potential for a PAF to be explored.</p> <p>We agree with the draft modification report that the activities of any future PAF should be proportionate, and we agree with your suggestion on page 4 in the Modification Report of adopting an adaptive, risk-based approach, focusing its attention on the areas of highest risk and problems.</p> <p>We agree that any future PAF should build upon the remedies and processes already in place around the SEC framework – the use of the Operations Group, the provisions for Parties to raise Disputes, the SMDA scheme, the existing framework around security assurance, and the ability of OFGEM to intervene when required.</p> <p>We agree that DCC compliance with the SEC can sensibly continue to be managed through the existing arrangements.</p>



### Question 3: Have you experienced issues that could have fallen within the scope of a PAF? If so, what was the impact of these on your organisation?

Question 3		
Respondent	Category	Response
Alt HAN Co	Other SEC Party	-
Npower Commercial Gas Limited	Small Supplier	At present Npower Commercial Gas Limited have not had any issues that we believe would be in the scope of a Performance Assurance Framework.
Scottish and Southern Electricity Networks	Network Party	Through SEC operations we have raised the issue that certificates are not being met within the 7 day installation limits. We are currently trying to bring the certificates issues to 1% or less although with the PAF in place this would mean that with the 7 day installation and enrolment limitations this could be at the preferable 0%.
OVO Energy	Large Supplier	<p>Yes. We experience issues, but this is not reflected in the DCC reporting. E.g., Incident categorisation. The performance measures, often show incident performance as green, but we do experience pain in this area and don't believe that the categorisation of said incidents is correct or working as it should. This has a huge impact on the service that we provide to our customers.</p> <p>We also have issues with the sheer number of Major Incidents each month. The reporting displays a positive view and yes, they are more often than not resolved in the target time, but there are no performance measures relating to volume each month. This, again, has a huge impact on the service that we provide to our customers.</p>
Electricity North West Limited	Network Party	Yes. We experience issues with the DCC performance regarding their SEC requirements and the negative impacts this has on Electricity Network Parties ability to realise the benefits of the DCC network in the North of England which is serviced by radio technology.

Question 3		
Respondent	Category	Response
		<p>We noted in the Ofgem DCC Price Control RY 21/22 consultation that the DCC state they have listened to customer frustrations on CSP-N performance and knew performance on this needed to improve – and over all they believe they have met the required standard. We responded in our consultation response to Ofgem it should be noted that in terms of Power Outage Alerts and Power Restoration Alerts the standard has been amended (via SEC Modification P096 DNO Power Outage Alerts) to match the DCC delivery capability rather than improved.</p> <p>If DCC obligations were included within a SEC PAF the DCC could be incentivised to improve their performance and operational compliance beyond the operational performance regime in their price control. It could also detect material risks surrounding the central delivery system. This would mirror Ofgem's recent decision for the REC PAB to hold the DCC to account regarding their Switching services/obligations under the REC via the REC PAF and the DCC Switching Incentive Regime (SIR). In Ofgem's recently published decision <a href="#">letter</a> regarding the SIR direction and guidance they make the point that the REC [PAF] framework is subject to the usual REC change management process; so any REC party including DCC is entitled to raise a proposed change, this ensures the [PAF] framework is effectively under constant review. This same principle can be carried across to the SEC PAF.</p>
<b>ENGIE</b>	Small Supplier	The only issues we have experienced have fallen under the remit of the Security Sub-Committee, which we understand would not be part of the PAF.
<b>Data Communications Company</b>	Other	-
<b>EDF</b>	Large Supplier	Currently, our main concern is how the performance of the DCC in delivering its services could impact settlement performance, especially under the new MHHS settlement arrangements. The failure of the DCC to meet its SLAs will have a direct impact on whether suppliers are able to meet their settlement performance targets under MHHS; much more so than today as MHHS will require exponentially higher volumes of consumption data to be made available to suppliers (and other parties) on a time critical basis.

Question 3		
Respondent	Category	Response
		<p>As the DCC is not a party to the BSC, or a Supplier Agent (as defined in the BSC) it is not currently clear how the DCC's performance, and its impact on settlement, will be managed. A SEC Performance Assurance Framework, that identifies DCC performance as a risk and creates a process for monitoring this and provides a Performance Assurance Board (PAB) the tools to mitigate this risk would appear to be an appropriate solution. The current Operational Performance Regime (OPR) that the DCC operates under is not, on its own, sufficient to do this and is more focussed on how DCC performance impacts its margin under the Price Control than on consequential impacts to things like settlement performance and consumer experience.</p> <p>Other areas that could fall within the scope of a PAF include:</p> <ul style="list-style-type: none"> <li>• DCC performance regarding outages / maintenance / incidents which impacts our ability to communicate effectively with our smart meters via the DCC.</li> <li>• Suppliers not responding to requests for install keys for non-commissioned devices that have changed supplier – this means that these devices cannot be commissioned and may need to be exchanged unnecessarily.</li> <li>• Timeliness of firmware upgrades – where suppliers fail to update their devices and these switch to other suppliers, those suppliers inherit the burden and cost of making sure the device is updated.</li> <li>• Traffic/demand on DCC services by specific users which results in performance issues that impact other DCC users.</li> <li>• Suppliers failing to maintain the DCC's Smart Metering Inventory and apply updates on a timely basis – which can impact communication with smart meters as well as other industry processes such as switching and settlement.</li> <li>• Failure to meet security obligations (such as the post-commissioning obligations or SMKI obligations)</li> </ul> <p>While some of these areas are already subject to reporting within the SEC and oversight by the SEC Panel (or other SEC sub-committees), this might be better managed through a more formal Performance Assurance Framework, which has the tools to drive better performance through the application of appropriate Performance Assurance Techniques, such as remediation plans and even charges (only where appropriate and justified).</p>

Question 3		
Respondent	Category	Response
National Grid Electricity Distribution	Network Party	<p>We have experienced issues that could have fallen in the scope of a PAF, some of which have been detailed within the OPSG examples i.e. incorrect or no DNO Certificates being installed on devices, duplicate originator counters on alerts and responses and inventory management.</p> <p>The impact on these issues has varied greatly. Some of the impact include us not being able to communicate with devices installed within our region resulting in us being unable to obtain data to assist in benefit realisation. Other impact results in a lot of time being spent investigating and raising incidents because the Smart Metering Inventory is not truly reflective of the situation on site for example devices showing as de-commissioned but still generating and sending Alerts to us.</p>
British Gas	Large Supplier	<p>This is difficult to answer, as we may well have been impacted by such issues, but not known about them.</p> <p>For example, if we are unable to complete a smart meter install, needing to leave the meter in “Install and Leave” mode, this could be because of a neighbouring Noisy meter, installed by another supplier in a neighbouring property. That noisy meter (a SEC breach) could be the reason we are impacted, but we would not currently know about it.</p> <p>Two further areas where a PAF could be very useful going forwards:</p> <ol style="list-style-type: none"> <li>1. If a Service User has not agreed a maximum throughput threshold with DCC, and as a result this causes too much traffic to be attempted to that Service User, impacting other platform users</li> <li>2. As we move towards MHHS, and particularly if mods such as MP235 are approved, the volume of ‘Other User’ traffic could increase and continue to periodically cause widespread capacity issues. This may need a two-pronged solution – there may need to be further amendments in the SEC on capacity volumes, and there also needs to be a way of assuring ‘Other User’ (and all parties) compliance with any such requirements.</li> </ol>

## Question 4: Please provide any further comments you may have.

Question 4		
Respondent	Category	Comments
<b>Alt HAN Co</b>	Other SEC Party	<p>SEC obligations in scope of the Performance Assurance Framework (PAF) would come under the governance of SEC Panel. However, Party obligations relating to Section Z and the Alt HAN are governed by the Alt HAN Forum. Therefore we would expect DP224 PAF proposals would not apply to Section Z obligations and therefore not be within scope of the PAF. The Alt HAN Forum could establish activities akin to those imagined under a PAF should there be a need to strengthen compliance with Alt HAN obligations. This ensures there is no confusion over governance, duplication or unnecessary complexity to the existing Alt HAN arrangements. This should be reflected in the legal text related to the PAF.</p>
<b>Npower Commercial Gas Limited</b>	Small Supplier	<p>Npower Commercial Gas Limited believe that any development of the Framework should be standardised and should work for all Supplier types (Large/Small) and that therefore there should not be a differentiation of Risk Levels between Supplier types.</p> <p>The above is with a single exception which is were any % based performance management is being used. If the % is against the “whole industry view” then this should be OK as it will naturally see Smaller Suppliers have less impact on the whole. However, If a % is within a Supply Portfolio and you are comparing a large Supplier against a Small Supplier this may mean that the Small Supplier could be detrimented</p> <p><b>Worked Example</b></p> <p>Large Supplier A has 1000 Meters with an Issue against a portfolio of 1 Million = 0.1% of portfolio</p> <p>Small Supplier B has 1000 Meters with the same issue against a portfolio of 100,000 Meters = 1%</p>

Question 4		
Respondent	Category	Comments
		If the tolerance level for Performance Assurance is 1% then the Small Supplier would be asked to address an issue that the Large Supplier would not even though the Large Supplier has the same number of impacted meters.
<b>Scottish and Southern Electricity Networks</b>	Network Party	-
<b>OVO Energy</b>	Large Supplier	<p>Having a framework that will provide us with a standardised approach, we believe, will help move performance improvements forwards. Currently it is very difficult to recognise or even understand where things go wrong. We feel that we need to have some way of managing performance where the SEC currently allows for it to be acceptable because it is meeting a very specific target, but issues are still affecting customers and the service that we provide to them. There is a piece missing around the end-to-end performance.</p> <p>It would be great to have some measures related to the customer side i.e., does a customer have to wait for a top up to be visible on their devices?</p> <p>We also feel that success metrics would be of great benefit and have discussed this at such forums as PMRG.</p>
<b>Electricity North West Limited</b>	Network Party	We recommend this modification is closely aligned with outputs of Ofgems Energy Code Reform Significant Code Reform which is expected to publish further updates this calendar year.
<b>ENGIE</b>	Small Supplier	In principle we support the concept of a SEC PAF, but in addition to the comments made above we would look for the SEC or its appointed Service Providers to take on as much of the administrative burden of operating the PAF as possible (particularly regarding supporting data for any measures introduced). We would also expect the PAF to provide meaningful support to Parties in understanding the framework and providing clear guidance how non-compliances can be corrected, and for performance measures to be effectively targeted at a limited set of risks, the mitigation of which will deliver meaningful consumer benefits. The timing and phasing of the introduction of any framework should also be given careful consideration in the wider context of market instability and the additional administrative and regulatory demands this continues to place upon market participants.

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Question 4		
Respondent	Category	Comments
<b>Data Communications Company</b>	Other	In terms of next steps, it is vital that any modification provides sufficient time for an orderly transition to new arrangements. For example, in some cases, new metrics may require a Full Impact Assessment by DCC to ensure industry understands the impacts on DCC Systems, our Service Provider contracts and ultimately industry charges. DCC may also need time to reflect any new reporting requirements into its contracts. These points must be factored into any plan.
<b>EDF</b>	Large Supplier	We echo the view from the DCC that the introduction of a SEC PAF should be an opportunity to improve and simplify the current arrangements rather than drive further inefficiency, complexity and additional cost on consumers. We have seen that the new REC Performance Regime has placed a significant burden on REC Parties, mainly through significant monthly reporting requirements, with no clear benefit to date in terms of evidently improved performance. Any SEC PAF needs to be appropriate to the extent of the risk that will be mitigated – and delivered in the most cost-effective manner possible, minimising the burden on the parties that are subject to the SEC PAF.
<b>National Grid Electricity Distribution</b>	Network Party	Although we have experienced issues that could have fallen in scope of a PAF we accept that there is currently not enough detail known to be able to identify whether a PAF should be implemented or not. However we do believe that the impact of the examples known provide enough justification to continue to investigate the possibility of implementing a risk based PAF.
<b>British Gas</b>	Large Supplier	<p>As stated in our answer to Question 2, any future PAF needs to be targeted and selective in what it addresses. We would be particularly concerned by any proposal of a “REC-style” PAB – that would be costly to deliver, and a burden to SEC Parties, rather than a benefit.</p> <p>Any SEC PAB also needs to be resourced by people who (1) fully understand how the SEC operates, and (2) are able to understand quickly which matters are significant and which are not.</p> <p>Any future PAF’s work should be targeted rather than generally fishing for breaches. It should focus primarily on issues that have a consumer impact – eg any compliance breaches that may be hindering prepayment customers being able to vend, or a customer’s smart meter installation being successful.</p>