

DCUSA CHANGE DECLARATION

DCP 153 – Service Level Agreement for Resolving Network Operational Issues

VOTING DATE: 8 August 2013

| DCP 153 | WEIGHTED VOTING | | |
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| | DNO | IDNO | SUPPLIER |
| CHANGE SOLUTION | Reject | N/A | Accept |
| IMPLEMENTATION DATE | Reject | N/A | Accept |
| RECOMMENDATION | <p>Change Solution – REJECT In respect of each Party Category that was eligible to vote, the sum of the Weighted Votes of the Groups in that Party Category which voted to accept the change solution was less than 50% in all Categories.</p> <p>Implementation Date – REJECT In respect of each Party Category that was eligible to vote, the sum of the Weighted Votes of the Groups in that Party Category which voted to accept the implementation date was less than 50% in all Categories.</p> | | |
| PART ONE / PART TWO | Part One – Authority Determination Required | | |

| PARTY | SOLUTION (A / R) | IMPLEMENTATION DATE (A/R) | COMMENTS |
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| DNO PARTIES | | | |
| UKPN - Eastern Power Networks | Reject | Reject | <p>We wish to work with suppliers to support the smart meter roll out and are therefore supportive of the proposal in principle, but feel it is necessary to vote to reject the change due to uncertainty in the volume of jobs where our company will be required to intervene.</p> <p>We also have concerns around the implementation date placing obligations on distributors at a time when there is still a fair degree of uncertainty as to what they will be faced with.</p> <p>This uncertainty arises from a lack of detailed clarity about suppliers' roll out programmes and strategies they will adopt and how this will impact each of our regions. We recognise that there is uncertainty about the proportion of meter installations that will lead to interventions. Our plans for the mass roll out are based upon a 2% intervention rate and geared according to the latest DECC roll out profiles, but consistent at 2%. Should suppliers implement strategies which result in differing property/ complexity types being undertaken at certain phases of the programme then this will impact the level of interventions. In addition we believe the threshold of 115% of forecast volumes before we are relieved of our obligation to meet the SLA is too high a tolerance on a monthly basis given the predicted scale of interventions expected and we would wish to see the SLA only applying up to a</p> |
| UKPN - London Power Networks | Reject | Reject | |
| UKPN - South Eastern Power Networks | Reject | Reject | |

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| | | | <p>threshold of 100%.</p> <p>While we will endeavour to work with suppliers so as not to cause any unnecessary delays in their deployment of smart meters in the shorter term, our preference would be to implement this formal change in April 2015 to include greater clarity in reporting for suppliers roll out programmes and to include sufficient notice for us to recruit and train additional resources.</p> <p>We believe this will allow suppliers to share their roll out plans in good time so that we can train the correct level of resources we determine necessary to meet these performance levels.</p> |
| Electricity North West Ltd | Accept | Reject | Some reservations with the implementation date a derogation may be submitted in due course should the change be implemented. |
| Northern Powergrid - Northern Electric Distribution Ltd | Accept | Accept | <p>There are some issues that may need to be revisited during the proposed post implementation review, including:</p> <ul style="list-style-type: none"> • The application of Force Majeure and the prioritisation of Category A and B reports during periods when there are lots of system faults or during major system events; • A review of the operation of the 115% threshold in clause 30.5D.1 based on DNO experience and Supplier volume forecasting. |
| Northern Powergrid - Yorkshire Electricity Distribution plc | Accept | Accept | |

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| SSE - Scottish Hydro-Electric Power Distribution plc | Accept | Reject | The timescale between potential approval of this CP and the proposed implementation date is less than three months. |
| SSE - Southern Electric Power Distribution plc | Accept | Reject | <p>Distributor responses to the September 2012 consultation clearly indicated that a realistic and reasonable period of time would be required to enable Distributors to recruit and train the additional resources required to handle the core work activities associated with this CP and to develop and embed the IT/reporting systems. Distributors also raised serious questions related to the funding of these additional resources and facilities prior to April 2015.</p> <p>The Change Report itself acknowledges that Distributors may not be able to comply with the new obligations associated with this CP from the proposed implementation date or for some time thereafter.</p> <p>It is entirely improper in our view to propose a CP implementation date which is so unreasonable that it knowingly and intentionally disregards the reasonable ability of Parties to comply with the DCUSA obligations, a position which could be ongoing for some length of time.</p> <p>The vague suggestion that non-compliant Parties 'should not be unduly penalised' during some unspecified 'bedding in period' is an inadequate attempt to deal with the inevitable consequences of the unrealistic and unnecessarily ambitious implementation date proposed for this CP.</p> |

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| | | | In view of the serious issues identified, we consider the proposed implementation date to be wholly inappropriate and propose that the CP implementation date should be amended to 1 st April 2015. |
| Scottish Power - Manweb | Accept | Accept | N/A |
| Scottish Power - Distribution | Accept | Accept | N/A |
| Western Power Distribution - East Midlands plc | Reject | Reject | <p><u>Proposed Solution</u></p> <p>WPD is happy with the proposed solution with the exception of the 115% figure in Clause 30.5D.1</p> <p>A DNO is to be released from its service level obligation in any month where the smart meter installations exceed 115% of the Supplier's forecast volumes. Put another way, a DNO has to absorb the extra workload without any consideration until this point is reached. WPD's concerns are twofold:</p> <p>(i) A figure as large as this undermines one of the basic principles behind the change proposal, namely, that Suppliers provide meaningful information about their installation plans so that DNOs can identify and allocate the resources needed to remedy any ensuing service termination issues. How can the Suppliers information be considered to be meaningful if it is subject to such a large uncertainty?</p> |
| Western Power Distribution - South Wales plc | Reject | Reject | |
| Western Power Distribution - South West plc | Reject | Reject | |
| Western Power Distribution - West Midlands plc | Reject | Reject | |

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| | | | <p>(ii) Given the large number of meter installs this represents a huge number of person-hours. Using the Supplier’s roll out profiles for March 2013 (mass rollout phase) and a nominal defect rate, we estimate that this equates to 61, 57, 27 & 37 full time equivalents in our East Midlands, West Midlands, South Wales & South West licence areas respectively (i.e. 181 in total). WPD runs an efficient business, and this includes not having resources sat around “just in case”. The acquisition of additional resources on this scale and at zero notice is impracticable.</p> <p><u>Implementation Date</u></p> <p>WPD cannot see what is being gained by effecting the service level obligations in advance of the wherewithal to measure and report performance against them. In our view, the obligations and the reporting requirements should come into effect concurrently.</p> <p>Sufficient time must be allowed after the Authority has made its decision for the necessary IT system and business process changes to be implemented. In our view this should be not less than six months, and preferably at least nine.</p> |
| <p>IDNO PARTIES</p> | | | |

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| N/A | | | |
| SUPPLIER PARTIES | | | |
| British Gas | Accept | Accept | We believe this is an important change in supporting the roll-out of smart meters. This change will enable Suppliers to better manage customer expectations when DNO issues are identified on meter exchange visits. It will also provide forecasts of smart meter exchanges to the DNOs to enable them to plan resource requirements to meet suppliers smart meter roll-out plans. |
| E.On | Accept | Accept | We feel that this change is an essential step on the way to a successful roll out of smart metering. We are currently seeing a very poor response to these sort of issues and currently when chasing Distributors to understand when network defects will be rectified are being told "whenever we get round to it". This is not acceptable and leaves the customer in limbo. By introducing these SLA's Customers and Suppliers will have sight of when they can expect to install their smart meter. What is currently missing is the flow being developed at IREG that will let MOPS and Suppliers know of the installation date. Once this is place the customer will have the proper sight of all works in a coordinated response to network issues. We see no need to make DCUSA responsible for the defect codes that are contained in the DTC. If this were to change there are sufficient checks in place in both modification processes to ensure DCUSA is changed at |

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| | | | the same time. |
| Npower | Accept | Accept | N/A |
| GDF Suez | Accept | Accept | N/A |
| Scottish Power Energy Retail Ltd | Accept | Accept | <p>ScottishPower supports the implementation of SLAs. However, we have serious concerns about this particular CP. The caveats being put in place allow DNOs to opt out of their obligations based on a high-level report at a GSP level (ie if one supplier misreports their smart installation plan it could allow the DNO to opt out of their SLA obligations to all suppliers). We are particularly concerned about the impact this could have on non-smart customers (HH, AMR) as the SLAs cover all meters but the opt out only relates to smaller, smart meters. This could impact smaller, I&C suppliers who have no smart obligations.</p> <p>Many of the issues related to equipment that was installed by the DNO and as such, they should already know these issues exist and be taking the appropriate action as per their price control.</p> |
| SSE | Accept | Accept | N/A |