|  |  |  |
| --- | --- | --- |
| **DCUSA Consultation** | | At what stage is this document in the process? |
| DCP 297  DCP Title: Network Interventions SLA Enhancement  *31 May 2017* | | |  | | --- | | **01 – Change Proposal** | | **02 – Consultation** | | **03 – Change Report** | | **04 – Change Declaration** | |
| **Purpose of Change Proposal:**  DCUSA Change Proposal 297 seeks to change the mechanism whereby DNO’s are released from their obligations to meet the intervention SLA to one which is solely based on the accuracy of Suppliers smart meter roll-out forecasts.  This document is a Consultation issued to DCUSA Parties and any other interested Parties in accordance with Clause 11.14 of the DCUSA seeking industry views on DCP 297. | | |
| Description: Description: YES_GREEN | The Working Group recommends that this Change Proposal should:   * Proceed to Consultation  Parties are invited to consider the questions set in Section 10 and submit comments using the form attached as Attachment 1 to dcusa@electralink.co.uk by **05 July 2017.** The Working Group will consider the consultation responses and determine the appropriate next steps for the progression of the DCUSA Change Proposal. | |
| Description: Description: High_Impact | Impacted Parties: DNOs and Suppliers | |
| Description: Description: High_Impact | Impacted Clauses: 30.5D.2. | |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Contents  1. Summary 3  2 Governance 4  3 Why Change? 5  4 Code Specific Matters 6  5 Working Group Assessment 6  6 Relevant Objectives 13  7 Impacts & Other Considerations 13  8 Implementation 14  9 Legal Text 14  10 Consultation Questions 14    Timetable  The timetable for the progression of the Change Proposal (CP) is as follows:   |  |  | | --- | --- | | **Change Proposal timetable:** | | | Activity | Date | | Initial Assessment Report Approved by Panel | 19 June 2015 | | First Consultation issued to Parties | 14 June 2017 | | Change Report issued to Panel | 09 August 2017 | | Change Report issued for Voting | 18 August 2017 | | Party Voting Ends | 08 September 2017 | | Change Declaration issued to Authority | 12 September 2017 | | Authority Decision | 17 October 2017 | | **Any questions?** |
| Contact:  **Lauren Nicholls** |
| **Description: Description: email_us_go_onlineLauren.Nicholls@electralink.co.uk** |
| **Description: Description: call_us 0774 075 2779** |
| Proposer:  **Kevin Woollard** |
| **Description: Description: email_us_go_online kevin.woollard@britishgas.co.uk** |
| **Description: Description: call_us 07979 563580** |
|
|
|
|
|
|
|
|
|

1. Summary

#### What

## The Distribution Connection and Use of System Agreement (DCUSA) is a multi-party contract between electricity Distributors and electricity Suppliers and large Generators. Parties to the DCUSA can raise CPs to amend the Agreement with the consent of other Parties and (where applicable) the Authority.

#### Why

## DCP 297 seeks to change the mechanism whereby DNO’s are released from their obligations to meet the intervention SLA to one which is solely based on the accuracy of Suppliers smart meter roll-out forecasts. Reporting from the DNO’s shows that actual intervention rates over the past 18 months range from between 3% to 7%. Therefore there is the potential for between 1% and 5% of interventions would not fall under the agreed network SLA regime. The SLA has limited effect with the DNOs generally released from their obligations in every month.

## The original legal drafting of the network SLA arrangements under DCP 153 only released the DNO’s from their obligations where the aggregate forecasts of smart meter roll out exceeded an agreed percentage and was not linked to the actual number of interventions reported. We believe this is reasonable as suppliers have some control over the accuracy of their forecasts but have no control of the actual number of interventions reported as this can be dependent on a number of factors outside of their control i.e. age of network, customer damage etc.

## All customers who require a network intervention should have reasonable expectation of when the DNO will attend and the DNOs have been provided funding to deliver this. This change therefore seeks to remove the cap on the percentage of actual interventions that benefit from the SLA by linking the release clause to the accuracy of supplier forecasts

1. Governance

#### Justification for Part 1 Matter

## The DCUSA Panel approved setting up a DCP 297 Working Group to develop these changes in April 2015, which were progressed as part of the work of the Interventions Working Group. DCP 297 was classed as a Part 1 matter by the Panel and therefore will go to the Authority for determination after the voting process has completed. The justification for this classification is that this change will impact customers.

## The Working Group will use the feedback provided as part of this Consultation to further develop the change in readiness for the Change Report stage.

1. Why Change?

#### Background of DCP 297

## On 12th February 2015 the Authority approved DCP 195A “Service Level Agreement for Resolving Network Operational Issues. DCP 195A proposed to introduce SLAs for DNOs to rectify issues reported to them by suppliers or their agents. The legal drafting of DCP 195A included a clause that released the DNOs from their obligation to meet the SLA if the number of actual interventions exceeded 2% of the aggregated smart meter roll-out forecast for a given area.

## The Authority approval letter for DCP 195A, however stated “Under DCP195 and DCP195A, DNOs would not need to meet their SLA requirements if the sum of smart meters rolled out by suppliers, or their agents, exceeded 102% of the smart meters they had forecast for a single area in a given period.” This differs from the actual drafting of the DCUSA where the release of the DNO obligation is triggered by the actual number of network interventions reported. This change seeks to make the DNO obligation to meet the SLA linked to the accuracy of suppliers roll out forecasts and remove the link to the actual number of interventions reported.

## British Gas believes that the fact DNO’s are released from their obligation once 2% of interventions is exceeded is harmful to customers as these customers are not subject to any SLA. We acknowledge that DNO’s have an obligation to prioritise these customers but believe all customers should have the same certainty of when a reported intervention will be rectified.

## Reporting on the actual number of interventions carried out by DNOs has been in place for some 18 months now and we can see that the actual intervention rate varies from between 3% and 7% depending on geographic area. By linking the trigger to the actual number of interventions reported means that between 1% and 5% of customer interventions sit outside the agreed network SLA’s. Therefore the SLA has limited effect with the DNOs generally released from their obligations in every month.

## All customers who require a network intervention should have reasonable expectation of when the DNO will attend and the DNOs have been provided funding to deliver this. Proposals for the current price control specifically refer to these SLAs when outlining the funding arrangements to support the smart roll-out. It is essential that these SLAs are effective to allow a meaningful assessment of whether DNOs have delivered their outputs, within RIIO:ED1, with regards to the smart roll-out.

1. Code Specific Matters

## It is intended to amend the DCUSA to link the release of DNO obligation to meet the agreed SLA’s to the accuracy of aggregate supplier forecasts by amending Clause 30.5D.2 as follows:

## 30.5D.2 On receipt of notification of a Category A Situation in accordance with Clause 30.5A.1 or of a Category B Situation in accordance with Clause 30.5B.1, the Company shall use reasonable endeavours to comply with the Service Level on 90% of occasions within each calendar month; provided that (where the Company is a DNO Party) if the monthly volumes of attempted (meaning both successful and failed where the site has been visited) smart electricity meter installations across all Users within the Company’s Distribution Services Area (as reported in accordance with Part 4 of Schedule 23) exceeds [110%] of Users’ forecast volumes, then the Company shall be released from its obligation to have met such Service Level.

1. Working Group Assessment

#### DCP 297 Working Group Assessment

* 1. The DCUSA Panel agreed for DCP 297 to be considered by a Working Group, the Interventions Working Group, which consisted of independent representatives from DNO and Supplier parties and an Ofgem observer. An open invitation was extended to all DCUSA Parties and to all other interested parties to participate in this Working Group and this invitation remains open for any interested parties.
  2. The group noted that the purpose of the DCP was to change the mechanism whereby DNO’s are released from their obligations to meet the intervention SLA to one which is solely based on the accuracy of Suppliers smart meter roll-out forecast.
  3. The proposed change was seeking to increase the SLA exemption threshold for DNOs from 2% to 10% of the aggregated smart meter roll-out forecast for a given area. Members observed that the proposed % increase was based on the actual number of interventions carried out by DNOs during the last 18 months i.e. demonstrating a 3% and 7% depending on geographic area. DNO members generally expressed concerns in regards to the proposed change, mainly for reasons of tying back the obligation to Suppliers’ smart roll-out forecast figures, which are generally deemed not to be fully accurate.
  4. The group agreed that the discussion in this area merits further consideration, and recommended that a consultation on the proposed amendments is issued.
  5. xx

1. Relevant Objectives

## **Assessment against the DCUSA Objectives**

## The Working Group considers that the following DCUSA Objectives are better facilitated by DCP 297.

|  |  |
| --- | --- |
| **Impact of the Change Proposal on the Relevant Objectives:** | |
| Relevant Objective | Identified impact |
| General Objective One: The development, maintenance and operation by the DNO Parties and IDNO Parties of efficient, co-ordinated, and economical Distribution Networks. | Positive |
| General Objective Three: The efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in their Distribution Licences | Positive |

## This change better facilitates DCUSA General Objective One by ensuring that network issues reported to the network companies are rectified within agreed timescales therefore contributing to the efficiency of the network. This change better facilitates DCUSA General Objective Three as DNOs are required to facilitate the roll-out of smart meters. DNOs are also required to operate a safe, reliable, and efficient distribution network. By amending the release clause to ensure networks are only released from their obligations to meet the SLA’s where suppliers have not accurately forecast their roll out of smart meters will ensure more customers benefit from the actual SLA’s.

1. Impacts & Other Considerations

#### Does this Change Proposal impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

## No, DCP 297 is not related to the SCR or other change proposals in other codes. However, Ofgem have mandated that all electricity suppliers must take all reasonable steps to ensure a Smart Metering System is installed at each domestic premise by 31st December 2020.

## This change will support Suppliers in the achievement of supply licence condition 39

#### Consumer Impacts

7.2 This change will impact Consumers as more customer will benefit from the agreed SLA’s under the proposal. This means customers who require a network intervention will have increased certainty as to when this will be carried out.

#### Environmental Impacts

## 7.3 In accordance with DCUSA Clause 11.14.6, the Working Group assessed whether there would be a material impact on greenhouse gas emissions if DCP 297 was implemented. The Working Group did not identify any material impact on greenhouse gas emissions from the implementation of this CP.

#### Engagement with the Authority

## 7.4 Ofgem has been fully engaged throughout the development of DCP 297 as an observer of the Working Group.

1. Implementation

## The proposed implementation date for DCP 297 is set to be the first standard DCUSA release following Authority Consent.

1. Legal Text

## The legal text for DCP 297 has been provided as Attachment 2.

1. Consultation Questions

## Responses, or any part thereof, can be provided in confidence. Parties are asked to clearly indicate any parts of a response that are to be treated confidentially.

## The Working Group is seeking industry views on the following consultation questions:

|  |  |
| --- | --- |
| **Question Number** | **Question** |
|  | Do you understand the intent of DCP 297? |
|  | Are you supportive of the principles of DCP 297? If not, why not? |
|  | The proposer has suggested the DNOs should only be released from their obligations to meet the service level where Supplier’s volumes of attempted smart meter installations exceeds 110% of their forecast. Do you agree that 110% is a reasonable limit for DNO’s to be released from their obligation? |
|  | Do you believe there will be any unintended consequences of the implementation of DCP 297? |
|  | Are there any alternative solutions or matters that should be considered? If yes, please describe these. |
|  | The proposed implementation date is the first standard release following Authority consent, do you agree with this? If not, why not? |
|  | Do you have any comments on the legal drafting? |
|  | Do you have any further comments? |

## Responses should be submitted using Attachment 1 to dcusa@electralink.co.uk no later than, 5 July 2017.

#### Attachments

* Attachment 1 – Response Form
* Attachment 2 – DCP 297 Legal Text