




DCUSA Change Report		At what stage is this document in the process?
<h2>DCP 297:</h2> <h3>Network Interventions SLA Enhancement</h3> <p><i>Date Raised: 7 April 2017</i></p> <p><i>Proposer Name: Kevin Woollard</i></p> <p><i>Company Name: British Gas</i></p> <p><i>Company Category: Supplier</i></p>		01 – Change Proposal
		02 – Consultation
		03 – Change Report
		04 – Change Declaration
Purpose of Change Proposal: <p>The intent of this Change Proposal is 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.</p>		
	<p>This document is issued in accordance with Clause 11.20 of the DCUSA, and details DCP 297 – Network Interventions SLA Enhancement.</p> <p>Parties are invited to consider the proposed amendment (Attachment 1) and submit their votes using the Voting form (Attachment 2) to dcusa@electralink.co.uk by 08 December 2017.</p> <p>The voting process for the proposed variation and the timetable of the progression of the Change Proposal (CP) through the DCUSA Change Control Process is set out in this document.</p> <p>If you have any questions about this paper or the DCUSA Change Process, please contact the DCUSA by email to dcusa@electralink.co.uk or telephone 020 7432 3011.</p>	
	 <p>Parties Impacted: DNOs and Suppliers</p>	
	 <p>Impacted Clauses: Clause 30.5D.2</p>	

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Any questions?

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Timetable

The timetable for the progression of the CP is as follows:

Change Proposal timetable

Activity	Date
Initial Assessment Report Approved by Panel	10 April 2017
Change Report Approved by Panel	15 November 2017
Change Report issued for Voting	17 November 2017
Party Voting Closes	8 December 2017
Change Declaration Issued to the Authority	12 December 2017
Authority Decision	23 January 2018 ¹
Implementation	01 November 2018

¹ This date is dependent on if Ofgem issues a notification on activities over the festive season

1 Executive Summary

What?

- 1.1 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 Change Proposals (CPs) to amend the Agreement with the consent of other Parties and (where applicable) the Authority.
- 1.2 This change seeks to update 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.

Why?

- 1.3 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.
- 1.4 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. The Proposer of DCP 297 believes 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.
- 1.5 All customers and / or Suppliers who require a network intervention should have a 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.

How?

- 1.6 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 The obligations of the Company that are subject to the Service Levels shall be construed as obligations to use reasonable endeavours to comply with each Service Level on 90% of occasions within each Quarter; provided that (where the Company is a DNO Party) if the total number of electricity smart meters installed by all Supplier Parties in the Company's Distribution Services Area during that Quarter is more than 2% above the aggregate Smart Meter Installation Forecasts across all Supplier Parties in respect of that Quarter and the Company's Distribution Services Area, then the

Company shall be released from its obligation to use reasonable endeavours to meet the Service Levels, but only where the sum of notified Category A Situations and Category B Situations in that Quarter in the Company's Distribution Services Area across all Supplier Parties exceeds 2% of the aggregate Smart Meter Installation Forecasts across all Supplier Parties in respect of that Quarter and the Company's Distribution Services Area, and then only for obligations beyond that 2% level.

2 Governance

Justification for Part 1 Matter

2.1 DCP 297 has been classed as a Part 1 Matter therefore, Authority consent is required.

Requested Next Steps

2.2 The Panel considered that the Proposer and Working Group have carried out the level of analysis required to enable Parties to understand the impact of the proposed amendment and to vote on DCP 297.

2.3 The DCUSA Panel recommends that this CP:

- Be issued to Parties for Voting

3 Why Change?

Background of DCP 297

3.1 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.

3.2 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.

3.3 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.

- 3.4 Reporting on the actual number of interventions carried out by DNOs has been in place since April 2015 and 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.
- 3.5 All Suppliers who require a network intervention should have a 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.

4 Solution

DCP 297 Assessment

- 4.1 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. Meetings were held in open sessions and the minutes and papers of each meeting being available on the DCUSA Website – www.dcusa.co.uk.
- 4.2 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.
- 4.3 The proposed change was seeking to amend the SLA release clause to one that is based purely on the accuracy of Supplier rollout forecasts. 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 they deem not to be fully accurate. During discussions, it was noted that there is an issue regarding the expectations surrounding reporting in relation to what a Supplier, Meter Operator or DNO would class as a mis-report with DNOs members suggesting that there is a high level of miss-reports.
- 4.4 The group agreed that the discussion in this area merits further consideration, and recommended that a consultation on the proposed amendments is issued.

DCP 297 Consultation

4.5 On 14 June 2017, the Interventions Working Group issued a consultation on DCP 297, which received nine responses (six DNOs and three Supplier parties). The Group reviewed the responses to the sixteen questions within the DCP 297 Consultation document, with a summary of their discussions being provided within Attachment 4.

4.6 In summary, the Group considered the below:

Question 1 - Do you understand the intent of DCP 297?

4.7 The Group discussed intent of the change as one respondent had raised potential ambiguities between the title, purpose, summary and legal text. A member clarified that the change was proposing to release DNOs from their obligations to meet the service level where Supplier's volumes of attempted smart meter installations exceed 110% of their forecast, which would be clarified in the Change Report.

Question 2 - Are you supportive of the principles of the DCP 297? If not, why not?

4.8 Most of the respondents were supportive of the principles of improving customer service but not in the manner proposed by DCP 297. A member suggested that misreporting of intervention requests is a big issue, believing that huge variances were being witnessed, that need to be addressed. It was noted that Meter Operators should not be looking for DNO defects with mirrors and that potentially endless intervention requests could be raised without a cap, outside of the control of DNO's. The Group agreed that Suppliers need to be involved in the training of Meter Operators to ensure reporting accuracy, with NSAP (or alternate training providers) being noted to be part of the solution to the reporting issues. All Meter Operators should be reporting interventions in line with Clause 30.5 of the DCUSA and the MOCOPA Guidance for Service Termination Issue Reporting V3.4

4.9 A member suggested that photos of specific interventions are reviewed to determine how a Supplier, Meter Operator and DNO would deal with the reported defect to gain consensus across the industry participants.

4.10 The Group agreed, in principle, that a proactive approach for Suppliers and DNOs to work together on the requirement to contact customers within ten days for a Category B case or Category A case made safe was preferable.

4.11 A member noted that D0150 does not include attempted installs, which can be problematic because the change talks about attempted installs which can include aborted attempts outside of the control of the DNO. The Group agreed that a forecast covering both installations and aborted installations would help with planning. Following review of the consultation responses the Proposer has revised the legal drafting of the change to be based on "actual" meter installations in a quarter

rather than attempted. This will simplify the calculation as actual meter installation volume can be monitored by counting the number of D0150s that are sent by the meter operator to the distributor.

- 4.12 The group noted that Electralink already provide a report to the Interventions Working Group which provides the number of smart meters installed by GSP Group area. for each month.
- 4.13 A member stated they believed that the main problem in meeting the customers' expectations was an excessively high level of misreporting by Suppliers' Agents, with one in three Category A reports in one of their areas misreported and one in four Category B reports in another area misreported. This level of misreporting is something that Suppliers have some control over and should actively seek to address; however, DNO members suggested that Suppliers have complete control. The member noted that as the proposed change to service levels places a greater obligation upon DNOs, this should be counter-balanced with an obligation upon Suppliers and their Agents to accurately report Category A and B situations. The Proposer agreed to consider updating the legal text to introduce an obligation on Suppliers to improve their accuracy in reporting forecasted installs. However, upon consideration, it was determined that such an amendment was outside of the original intent DCP 297.
- 4.14 The Group agreed that where a Meter Operator has a policy to not work on metal clad cut outs, then these should not be reported as a defect. Such defects should only be reported as a Category C issue as per the MOCOPA Guidance for Service Termination Issue Reporting. The Group suggested that the Meter Operative audits should cover their adherence to the service termination guidance document, which was raised to MOCOPA for consideration.
- 4.15 The Group discussed whether forecasts should include smart and legacy metering, to which is was noted that this is customer driven rollout so 100% accurate forecasts would not be able to be provided. As the New and Replacement Obligations (NRO) come into effect in August 2018, legacy metering work will reduce. The Group discussed whether the SLA should only relate to smart metering work. It was agreed that this would be unfair towards non-smart meter customers.
- 4.16 A respondent noted that The legal text as currently drafted means that once the 110% threshold has been exceeded a DNO is released from the service level for all customers. At present a DNO is released from its obligations only for interventions beyond the 2% cap. The Proposer has revised the legal text to only release the DNO from its obligation to meet the SLA for those customers who fall outside of the 2% smart meter installation forecast.

Question 3 - 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?

- 4.17 The Group discussed the responses to this question and noted that the 110% value was inserted in square brackets and is to be determined by the Proposer during the legal text review phase. A suggestion of 102% was raised that was agreed to be considered by the Proposer. The legal text

has now been updated to reflect 102% being inserted within the SLA, in line with previous feedback provided by Ofgem in the Authority consent letter regarding DCP 195A (please see Attachment 5).

Question 4 - Please can Supplier respondents provide additional supporting justification for the change to address DNO concerns regarding inaccurate forecast.

- 4.18 The Group considered the reference to regional level aggregation improving accuracy, whereby it was suggested that the accuracy does not improve on a regional level as Suppliers are overstating, to take into account their expectation to gain customers.

Question 5 - Do you believe there will be any additional benefits to the customer from the implementation of DCP 297?

- 4.19 The Group queried the supporting rationale provided by one respondent, in terms of whether the 38 complaints relating to dissatisfied customer amounted to a high percentage of complaints received. It was confirmed that it was a nominal percentage, and the Group noted that it may be useful to examine the complaints.

- 4.20 Following the consultation, the Proposer has provided an additional breakdown with regard to the 38 complaints as follows:

14/02/2017	Availability of appointments - DNO Cat B
26/02/2017	Availability of appointments - DNO Cat B
09/03/2017	Availability of appointments - DNO Cat B
03/05/2017	Availability of appointments - DNO Cat B
04/05/2017	Availability of appointments - DNO Cat B
13/02/2017	DNO attended but unable to complete
27/02/2017	DNO attended but unable to complete
03/05/2017	DNO attended but unable to complete
07/05/2017	DNO attended but unable to complete
07/05/2017	DNO attended but unable to complete
10/05/2017	DNO attended but unable to complete
10/05/2017	DNO attended but unable to complete
20/01/2017	Further DNO work required
26/02/2017	Further DNO work required
05/05/2017	Further DNO work required
07/05/2017	Further DNO work required
11/05/2017	Further DNO work required
11/05/2017	Further DNO work required
24/01/2017	Missed or broken appointment (DNO)
26/01/2017	Missed or broken appointment (DNO)
22/02/2017	Missed or broken appointment (DNO)
10/03/2017	Missed or broken appointment (DNO)

11/05/2017	Missed or broken appointment (DNO)
03/01/2017	No contact post DNO referral
21/01/2017	No contact post DNO referral
26/01/2017	No contact post DNO referral
17/02/2017	No contact post DNO referral
20/02/2017	No contact post DNO referral
23/02/2017	No contact post DNO referral
26/02/2017	No contact post DNO referral
20/04/2017	No contact post DNO referral
10/05/2017	No contact post DNO referral
10/05/2017	No contact post DNO referral
18/02/2017	Unhappy with DNO appointment
10/05/2017	Unhappy with DNO appointment
11/05/2017	Unhappy with DNO appointment
12/05/2017	Unhappy with DNO appointment
15/05/2017	Unhappy with DNO appointment

Question 6 - How does the impact of aggregated forecasts and churn affect the ability for DNOs to comply with the SLA?

- 4.21 The Group noted that UKPN's response clearly captured earlier concerns raised by DNOs regarding inaccurate forecasts and the impacts of aggregated forecasts and churn affecting the DNOs ability to comply with the SLA.

Question 7 - What impact does incorrect defect reporting by Meter Operators have on the DNOs ability to comply with the SLA?

- 4.22 The Group noted the responses received in relation to this question.

Question 8 - Do you believe the accuracy of the aggregated forecasts should be measured?

- 4.23 The Group discussed the responses received to this question. It was noted that all aborted installation attempts would also need to be captured in accordance with the legal text. The DNO members present noted that unless aborted installs were included they may never be released from their SLA obligations as their only measure is via the D0150. A member noted that all Category A and Category B interventions would need to be added to the number of smart meter installations in order to calculate the total number of attempted smart meter installations. One member noted that the Change Proposal seeks to address an issue that didn't currently exist, and didn't currently have a high level of customer complaints.

- 4.24 The Group noted that some Suppliers persist in not providing rollout profiles, which means that DNOs do not receive a view of Suppliers rollout forecasts beyond a two-year period which is pivotal to enable optimal resource planning. On the contrary, it was noted that the majority of the Large Suppliers provide their rollout profiles, which is expected to cover the vast majority of customer

installs. It was also noted that BEIS reporting templates are being used rather than DCUSA templates.

Question 9 - What do you believe is a reasonable intervention rate to be included within the SLA, based on the intervention rates that have been witnessed?

4.25 The Group noted that the condition of the network does not directly correlate with the high levels of interventions reported due to the large number of misreports witnessed. However, there was a disagreement in the Working Group regarding the scale of misreports being received by DNOs. The DNOs present raised concerns with the assessment being undertaken by the Meter Operative on site.

4.26 The Proposer noted that a specific figure had not been defined because the intent of the change was to move away from a cap being imposed on intervention requests.

Question 10 - Do you believe there will be any unintended consequences of the implementation of DCP 297?

4.27 The Group noted the responses received to this question and the suggestion raised by one member that the change would dis-incentivise Suppliers to accurately report and forecast.

Question 11 - Are there any alternative solutions or matters that should be considered? If yes, please describe these.

4.28 The Group considered each of the alternative solutions and matters provided, including the suggestion of a sliding scale mechanism as opposed to a static 2% intervention rate. It was agreed that this idea could be discussed upon further definition and research. If this alternative solution was to be progressed this would need to form part of a new Change Proposal as this proposal would not fall within the original intent of DCP 297.

Question 12 - Do you foresee any system changes being required to implement DCP 297?

4.29 The Group noted the responses with no further discussion.

Question 13 - The proposed implementation date is the first standard release following Authority consent, do you agree with this? If not, why not?

4.30 The Group noted the responses with no further discussion. Following review of the consultation responses the Proposer has revised the proposed implementation date to the November 2018 DCUSA release.

Question 14 - Do you agree that DCP 297 better facilitates the DCUSA Relevant Objective 1? If not, why not?

4.31 The Group noted the responses to this question, with the DNO members present suggesting that DCUSA Relevant Objective 1 was not better facilitated by DCP 297.

Question 15 - Do you have any comments on the legal drafting?

- 4.32 The Group noted several responses regarding the draft legal text, with the PProposer agreeing to take the DCP 297 legal text drafting off line for further review.

Question 16 - Do you have any further comments?

- 4.33 The Group noted the comment raised in regards to the inconsistencies relating to the reporting of Category C interventions. The Group noted that it is a requirement within DCUSA to report Category C's and thus should be adhered to by all DCUSA Parties.

5 Relevant Objectives

Assessment Against the DCUSA Objectives

- 5.1 For a DCUSA Change Proposal to be approved it must be demonstrated that it better meets the DCUSA Objectives. There are five General DCUSA Objectives and six Charging Objectives. The full list of objectives is documented in the CP form provided as Attachment 3.
- 5.2 The Proposer 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
1. The development, maintenance and operation by the DNO Parties and IDNO Parties of efficient, co-ordinated, and economical Distribution Networks	Positive
3. The efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in their Distribution Licences	Positive

- 5.3 The Change Proposal 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.
- 5.4 The Change Proposal also 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

6 Impacts & Other Considerations

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

- 6.1 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.
- 6.2 This change will support Suppliers in the achievement of Supply Licence Condition 39.

Consumer Impacts

- 6.3 The Proposer identified a positive impact on consumers from the implementation of this CP as the fact DNO's are currently released from their obligation once 2% of interventions is exceeded is harmful to customers as these customers are not subject to any SLA. The Proposer acknowledged 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.

Environmental Impacts

- 6.4 In accordance with DCUSA Clause 11.14.6, the Proposer assessed whether there would be a material impact on greenhouse gas emissions if DCP 297 were implemented. The Proposer did not identify any material impact on greenhouse gas emissions from the implementation of this CP.

7 Implementation

- 7.1 The Following review of the consultation responses the PProposer has amended the original proposed implementation date to the 01 November 2018 release of the DCUSA.

8 Legal Text

- 8.1 The DCP 297 legal text acts as Attachment 1 to this Change Report.
- 8.2 The legal text amends Clause 30.5D.2 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.
- 8.3 The Proposer is satisfied that the legal text meets the intent of the change.

9 Recommendations

Panel's Recommendation

- 9.1 The Panel approved this Change Report on 15 November 2017. The Panel considered that the Working Group had carried out the level of analysis required to enable Parties to understand the impact of the proposed amendment and to vote on DCP 297.

9.2 The Panel have recommended that this report is issued for Voting and DCUSA Parties should consider whether they wish to submit views regarding this Change Proposal.

Attachments

- Attachment 1 – DCP 297 Legal Text
- Attachment 2 – DCP 297 Voting Form
- Attachment 3 – DCP 297 Change Proposal Form
- Attachment 4 – DCP 297 Consultation responses
- Attachment 5 – DCP 195A Authority Consent letter