

## Part A: Generic

DCUSA Change Proposal (DCP)		At what stage is this document in the process?
<h1>DCP 297: Network Interventions SLA Enhancement</h1> <p>Date raised: <i>7<sup>th</sup> April 2017</i></p> <p>Proposer Name: <i>Kevin Woollard</i></p> <p>Company Name: <i>British Gas</i></p> <p>Company Category: <i>Supplier</i></p>		<p><b>01 – Change Proposal</b></p> <p>02 – Consultation</p> <p>03 – Change Report</p> <p>04 – Change Declaration</p>
<p><b>Purpose of Change Proposal:</b></p> <p>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><b>Governance:</b></p> <p>The Proposer recommends that this Change Proposal should be:</p> <ul style="list-style-type: none"> <li>• Treated as a Part 1 Matter</li> <li>• Treated as a Standard Change</li> <li>• Proceed to a Working Group</li> </ul> <p>The Panel will consider the proposer's recommendation and determine the appropriate route.</p>	
	<p><b>Impacted Parties:</b> Suppliers and DNOs</p>	
	<p><b>Impacted Clauses:</b> 30.5D.2</p>	

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9	<b>Recommendations</b>	 <b>Kevin.woollard@britishgas.co.uk</b>
		 <b>07979 563580</b>
Indicative Timeline		
<b>The Secretariat recommends the following timetable:</b>		
Initial Assessment Report		10 April 2017
Consultation Issued to Industry Participants		TBC
Change Report Approved by Panel		19 July 2017
Change Report issued for Voting		21 July 2017
Party Voting Closes		11 August 2017
Change Declaration Issued to Authority		15 August 2017
Authority Decision		19 September 2017

## 1 Summary

### What?

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.

### Why?

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.

## How?

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.

## Requested Next Steps

This Change Proposal should:

- Be treated as a Part 1 Matter
- Be treated as a Standard Change
- Proceed to a Working Group

## 2 Why Change?

On 12<sup>th</sup> 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.

## Part B: Code Specific Details

### 3 Solution and Legal Text

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 quarter; provided that (where the Company is a DNO Party) if the quarterly 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.

### 4 Code Specific Matters

#### Reference Documents

DCP 153 Legal drafting

DCP 153 Authority decision letter

DCP 153 Consultation responses (check what level of accuracy was consulted upon)

DCP 195A Legal drafting

DCP 195A Authority decision letter

## 5 Relevant Objectives

DCUSA Charging Objectives	Identified impact
<input type="checkbox"/> 1 that compliance by each DNO Party with the Charging Methodologies facilitates the discharge by the DNO Party of the obligations imposed on it under the Act and by its Distribution Licence	None
<input type="checkbox"/> 2 that compliance by each DNO Party with the Charging Methodologies facilitates competition in the generation and supply of electricity and will not restrict, distort, or prevent competition in the transmission or distribution of electricity or in participation in the operation of an Interconnector (as defined in the Distribution Licences)	None
<input type="checkbox"/> 3 that compliance by each DNO Party with the Charging Methodologies results in charges which, so far as is reasonably practicable after taking account of implementation costs, reflect the costs incurred, or reasonably expected to be incurred, by the DNO Party in its Distribution Business	None
<input type="checkbox"/> 4 that, so far as is consistent with Clauses 3.2.1 to 3.2.3, the Charging Methodologies, so far as is reasonably practicable, properly take account of developments in each DNO Party's Distribution Business	None
<input type="checkbox"/> 5 that compliance by each DNO Party with the Charging Methodologies facilitates compliance with the Regulation on Cross-Border Exchange in Electricity and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.	None
<input type="checkbox"/> 6 that compliance with the Charging Methodologies promotes efficiency in its own implementation and administration.	None
DCUSA General Objectives	Identified impact
<input checked="" type="checkbox"/> 1 The development, maintenance and operation by the DNO Parties and IDNO Parties of efficient, co-ordinated, and economical Distribution Networks	Positive
<input type="checkbox"/> 2 The facilitation of effective competition in the generation and supply of electricity and (so far as is consistent therewith) the promotion of such competition in the sale, distribution and purchase of electricity	None
<input checked="" type="checkbox"/> 3 The efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in their Distribution Licences	Positive
<input type="checkbox"/> 4 The promotion of efficiency in the implementation and administration of the DCUSA	None

<input type="checkbox"/> 5 Compliance with the Regulation on Cross-Border Exchange in Electricity and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.	None
<p><b>General Objective One – ‘The development, maintenance and operation by the DNO Parties and IDNO Parties of efficient, co-ordinated, and economical Distribution Networks’</b></p> <p>The Change Proposal better meets 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.</p> <p><b>General Objective Three – ‘The efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in their Distribution Licences’</b></p> <p>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.</p>	

## 6 Impacts & Other Considerations

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

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

### Does this Change Proposal Impact Other Codes?

- BSC
- CUSC
- Grid Code
- MRA
- SEC
- Other
- None

### Consideration of Wider Industry Impacts

N/A

## 7 Implementation

DNOs have been in receipt of supplier forecasts since September 2015. We therefore believe this change can be implemented in the release following Ofgem approval.

### Proposed Implementation Date

Next DCUSA release following Ofgem approval

## 8 Recommendations

### Part C: Guidance Notes for Completing the Form

Ref	Section	Guidance
1	<b>Attachments</b>	Append any proposed legal text or supporting documentation in order to better support / explain the CP.
2	<b>Governance</b>	<p>A CP must be categorised as a Part 1 or Part 2 matter in accordance with Clause 10.4.7 of the DCUSA. All Part 1 matters require Authority Consent.</p> <p>Part 1 Matter</p> <p>A change Proposal is considered a Part 1 Matter if it satisfies one or more of the following criteria:</p> <p>a) it is likely to have a significant impact on the interests of electricity consumers;</p> <p>b) it is likely to have a significant impact on competition in one or more of:</p> <ul style="list-style-type: none"> <li>i. the generation of electricity;</li> <li>ii. the distribution of electricity;</li> <li>iii. the supply of electricity; and</li> <li>iv. any commercial activities connected with the generation, distribution or supply of electricity;</li> </ul> <p>c) it is likely to discriminate in its effects between one Party (or class of Parties) and another Party (or class of Parties);</p> <ul style="list-style-type: none"> <li>i. it is directly related to the safety or security of the Distribution Network; and</li> <li>ii. it concerns the governance or the change control arrangements applying to the DCUSA; and</li> <li>iii. it has been raised by the Authority or a DNO/IDNO Party pursuant to Clause 10.2.5, and/or the Authority has made one or more directions in relation to it in accordance with Clause 11.9A.</li> </ul>

		<p>Part 2 Matter</p> <p>A CP is considered a Part 2 Matter if it is proposing to change any actual or potential provisions of the DCUSA which does not satisfy one or more of the criteria set out above.</p>
3	<b>Related Change Proposals</b>	Indicate if the CP is related to or impacts any CP already in the DCUSA or other industry change process.
4	<b>Proposed Solution and Draft Legal Text</b>	<p>Outline the proposed solution for addressing the stated intent of the CP. The Change Proposal Intent will take precedence in the event of any inconsistency. A DCUSA Working Group may develop alternative solutions.</p> <p>The plain English description of the proposed solution should include the changes or additions to existing DCUSA Clauses (including Clause numbers).</p> <p>Insert proposed legal drafting (change marked against any existing DCUSA drafting) which enacts the intent of the solution. The legal text will be reviewed by the Working Group (if convened) and is likely to be subject to legal review as part of its progress through the DCUSA change process.</p>
5	<b>Proposed Implementation Date</b>	<p>The Change can be implemented in February, June, and November of each year or as an extraordinary release. For Charging Methodology CPs, select an implementation date which takes into consideration the minimum notice periods for publishing tariffs. These are:</p> <ul style="list-style-type: none"> <li>• 15 months, for DNOs acting within their Distribution Services Areas; or</li> <li>• 14 months, for IDNOs and DNOs acting outside their Distribution Services Area.</li> </ul> <p>Please select an implementation date that provides sufficient time for the Change to be incorporated into the appropriate charging model and the DCUSA in order to be reflected in future tariffs.</p> <p>Contact the DCUSA helpdesk for any further information on the releases <a href="mailto:dcusa@electralink.co.uk">dcusa@electralink.co.uk</a>.</p>
6	<b>Impacts &amp; Other Considerations</b>	Indicate whether this Change Proposal will be impacted by or have an impact upon wider industry developments. If an impact is identified, explain why the benefit of the Change Proposal may outweigh the potential impact and indicate the likely duration of the Change.
7	<b>Environmental Impact</b>	Indicate whether it is likely that there would be a material impact on greenhouse gas emissions as a result of the proposed variation being made. Please see <a href="#">Ofgem Guidance</a> .
8	<b>Confidentiality</b>	Clearly indicate if any parts of this Change Proposal Form are to remain confidential to DCUSA Panel (and any subsequent DCUSA Working Group) and Ofgem

9	<b>DCUSA General Objectives</b>	Indicate which of the DCUSA Objectives will be better facilitated by the Change Proposal.
10	<b>Detailed Rationale for DCUSA Objectives</b>	Provide detailed supporting reasons and information (including any initial analysis that supports your views) to demonstrate why the CP will better facilitate each of the DCUSA Objectives identified.
11	<b>DCUSA Charging Objectives</b>	Indicate which of the DCUSA Charging Objectives will be better facilitated by the Change Proposal. Please note that a CDCM or EDCM change may also facilitate the DCUSA General objectives.
12	<b>Defining 'Material' for Charging Methodology Changes</b>	In respect of proposals to vary one or more of the Charging Methodologies, such proposals shall be deemed to be "material" if they might reasonably be expected to have a significant impact on the tariffs calculated under one or more of the methodologies.