



DCUSA CONSULTATION

DCP 195 - Service Level Agreement for Resolving Network Operational Issues Consultation

Executive summary: This consultation seeks industry views on DCP 195 'Service Level Agreement for Resolving Network Operational Issues', which has been raised seeking to establish a Service Level Agreement between suppliers and networks owners for the resolution of network issues.

1 PURPOSE

- 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 document is a Consultation issued to DNO, IDNO, Supplier, Meter Operator and other interested Parties and the Authority in accordance with Clause 11.14 of the DCUSA seeking industry views on DCP 195 'Service Level Agreement for Resolving Network Operational Issues'. Respondents are invited to consider the questions set out below and submit comments using the form provided as Attachment A or via the online response form which is available on the following webpage:
- <https://www.surveymonkey.com/s/DCP195>
- 1.3 Responses should be submitted online or emailed to dcusa@electralink.co.uk by **Thursday, 13 February 2014**.
- 1.4 Additional information on DCP 195 can be found in the CP form which is provided as Attachment B.

2 BACKGROUND OF DCP 195

- 2.1 Whilst Suppliers are installing smart meters (both foundation and enduring) they may identify network issues that are dangerous and/or are preventing a meter exchange from taking place. Detailed work has already been carried out by the Energy Network Association's (ENA) Smart Meter Operations Group to categorise the network issues that are being or could be identified whilst attending a customer's property. This work has been used to create a new set of 'Asset Condition Codes' within the Master Registration Agreement's (MRA) Data Transfer Catalogue. These Asset Condition Codes are listed in Attachment C. It should be noted that the Asset Condition Codes are currently being reviewed and changes to them may be progressed via the MRA governance process in due course.

- 2.2 In August 2012 DCP 153 'Service Level Agreement for Resolving Network Operational Issues' was raised seeking to introduce Service Level Agreements (SLAs) by which Distributors need to have carried out the work required to rectify the issues that have been brought to their attention, for the most urgent Asset Condition Code Categories A and B. This Change Proposal was rejected by Ofgem in September 2013. The Ofgem decision letter which details the reasons behind the decision to reject the proposed change is provided as Attachment D. In its decision letter Ofgem noted that there is widespread support for SLAs and urged Distributors and Suppliers to give further consideration to the issues raised in the decision letter and develop further modifications in the future, if appropriate.
- 2.3 Following the rejection of DCP 153 the proposer held discussions with the Energy Networks Association (ENA) and other market participants on how the issues highlighted by Ofgem in its decision letter might be addressed. DCP 195 has subsequently been raised seeking to introduce SLAs for the resolution of network operational issues in such a way that Ofgem's concerns are addressed.
- 2.4 It should be noted that Suppliers are subject to following Licence Conditions :
- Condition 43: Roll-out Reporting and Provision of Information to the Secretary of State
 - Condition 44: Roll-out Reporting, Setting and Achieving Annual Milestones, and Provision of Information to the Authority
- These conditions facilitate the provision of Roll-out plans, annual milestones and the provision of information to the Authority where milestones have been missed. The detail of these Licence Conditions is provided in Attachment F. The precise detail of the timings and content of the Roll-out plans have been consulted on recently by Ofgem and a decision on this is expected imminently.
- 2.5 DCP 195 proposes that Suppliers provide more granular information to Distributors than is likely to be requested by The Secretary of State or the Authority. However it is intended that the reporting periods contained within DCP 195 proposal should align with any regulatory reporting requirements.

3 WORKING GROUP ASSESSMENT OF DCP 195

3.1 The DCUSA Panel has established a Working Group to assess DCP 195. This group consists of Supplier, DNO, Meter Operator and Ofgem representatives. This section details the discussions of the group.

3.2 Addressing Ofgem's Concerns

3.3 The Working Group noted that Ofgem had two primary concerns in relation to DCP 153, namely:

- The implementation date was felt to be too early to enable network owners to get the resources in place that they needed to meet the Service Level Agreements (SLAs).
- Under DCP 153 DNOs would be released from their SLA obligations if Suppliers attempted to roll out more than 115% of the smart meters they had forecast in a given period. This 115% threshold was felt to be too high given the number of interventions that DNOs expect to have to make.

3.4 The Working Group discussed the first concern and agreed that to address this concern the implementation date for the DCP 195 legal text should be six months after Ofgem approval. Reporting by Suppliers on their smart meter roll-out forecasts and by Distributors on their performance against the SLAs would then commence the first quarter after the date that the legal text is implemented. The requirement to rectify network issues within the SLA timescales would take effect from 1 April 2015.

3.5 The Working Group considered how the second of Ofgem's concerns might be addressed. It was agreed that, as discussed between the proposer of DCP 195 and the ENA, rather than there being a 115% threshold the threshold should be as follows:

"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 sum of the notified Category A Situations and Category B

Situations across all Users within the Company's Distribution Services Area exceeds 2% of Users' forecast volumes of smart meter installations (as reported in accordance with Part 4 of Schedule 23 and reported in the Quarter that is [4 Quarters] in advance of the actual Quarter for which the Service Level is being calculated) , then the Company shall be released from its obligation to have met such Service Level for obligations beyond that 2% level."

3.6 **Application of the SLA**

- 3.7 Prior to raising DCP 195, the proposer of the CP discussed the threshold for the application of the network SLA with the Energy Networks Association (ENA). These discussions suggested that network operators would be comfortable with an SLA based on a fixed number of interventions per area based on forecast smart meter roll-out volumes. The fixed number has initially been set at 2% of forecast smart roll-out per licensed area per annum. The 2% figure has been chosen to align with the volume of interventions that Ofgem has stated will be funded through RIIO-ED1.
- 3.8 The DCP 195 Working Group noted that the 2% intervention rate value is an estimate and organisations may have differing views on what the figure should be and there could potentially be significant variances from the 2% figure in practice.
- 3.9 Whether or not the number of interventions exceeds 2% of Suppliers' roll-out forecasted volumes will be calculated based on Supplier smart meter roll-out forecasts as a whole for the distribution area, so some Suppliers may be over their forecast and some may be under but it would be the overall figure that was used for the SLA purposes.
- 3.10 It was observed that if the fault rate is in reality higher than 2% Distributors would be release from their obligation to meet the SLA for that particular quarter for those instances over the 2%. However, a back log of network faults may build up making meeting the SLAs in later quarters more difficult too. Should this occur, then the Distributor may need to ask for the intervention threshold to be reconsidered via a derogation.
- 3.11 It was suggested that if the actual rate of interventions is greater than 2% then the figure could be amended via a DCUSA Change Proposal.

3.12 Addressing Under-performance Against the SLAs

3.13 The Working Group discussed what would happen in the scenario where a distributor is not meeting the SLAs. It was suggested that DNOs that are not meeting the SLAs be required to submit a recovery plan to the DCUSA Panel.

3.14 In terms of identifying those parties that are not performing to the standard required by the SLAs, the DCUSA Panel could either monitor performance against the SLAs or alternatively Suppliers inform the Panel where Distributors are not meeting the SLAs.

3.15 As part of this consultation the Working Group is seeking your views on how underperformance should be identified and rectified. The Working Group is also seeking views on the situation where a Supplier fails to provide timely smart meter rollout forecasts.

3.16 MRA Flow Change

3.17 The Working Group observed that an Master Registration Agreement (MRA) flow change has been drafted that would, if approved, introduce a new data flow and data items for Distributors to notify Suppliers and MOPs of a new or changed site visit appointment agreed with a Customer. This information would enable the Supplier to schedule a visit at the same time as the Distributor, which may enhance the customer experience.

3.18 As part of this consultation the Working Group is seeking views as to whether DCP 195 should introduce an SLA on distributors to send this flow within a certain timescale of making an appointment with the customer, and what this timescale should be.

3.19 The working group discussed whether suppliers should own the customer relationship and book appointments for Category B intervention work with the Distributor on the customer's behalf. Views are sought on this matter.

3.20 IDNOs Being Released From their Obligations To Meet the SLAs

3.21 Under Clause 30.5F.1 of the DCP 195 legal text, DNO reports are only sent to Suppliers. The Working Group observed that this will mean that IDNOs will not know when they have been released from their obligations to meet the SLAs (i.e. when the host DNO has not met its SLA). The group noted that this becomes an issue for the IDNO only if the IDNO fails its SLA. In this case the

Supplier would be aware that the IDNO is released from its obligation to meet the SLA.

- 3.22 As part of this consultation the Working Group is seeking views on whether any amendments are needed to the legal text to further accommodate IDNOs.

3.23 **Provision of Contact Details**

- 3.24 The Working Group observed that it will be difficult for Distributors to meet their SLA with regards to scheduling customer appointments for Category B interventions if the Distributor does not have a telephone number for the customer. To address this, the Working Group has specified within clause 30.5B.2 of the proposed DCP 195 legal text that where a notification of a Category B incident is received it should be rejected if telephone details are not provided, unless the customer and their contact details are listed on the priority services register. As part of this consultation you are invited to comment on this approach.

3.25 **Recouping Costs from Suppliers**

- 3.26 In its 'Strategy Consultation for the RIIO-ED1 Electricity Distribution Price Control¹' Ofgem suggested that:

"Any additional costs caused by issues that do not relate to DNOs eg call outs that incur higher unit costs (eg work conducted out of normal hours) or aborted call outs should be funded by the suppliers under their SLAs with the network companies."

- 3.27 As part this consultation the Working Group is seeking your view on whether any clauses regarding costs associated with activities to be recouped from the Supplier should be included in within the DCP 195 legal text or, alternatively, should this be progressed separately?

3.28 **Completion of Work on Category C Incidents**

- 3.29 The Working Group questioned whether there would be value in Suppliers being notified of work that has been carried out on Category C incidents by

¹ <https://www.ofgem.gov.uk/ofgem-publications/47144/riioed1sconoutputsincincentives.pdf>

Network Operators. The flow notes of the D0126 suggest this is not required. As part of this consultation you are invited to provide your views on this.

4 DCP 195 LEGAL TEXT

- 4.1 The legal text produced for DCP 153 has been edited to reflect the amendments agreed by the DCP 195 Working Group. The updated legal text is provided as Attachment E.

5 ASSESSMENT AGAINST THE DCUSA OBJECTIVES

- 5.1 The Working Group considers that the following DCUSA Objectives are better facilitated by DCP 195.

General Objective One – ‘The development, maintenance and operation by the DNO Parties and IDNO Parties of efficient, co-ordinated, and economical Distribution Networks’

- 5.2 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.

General Objective Two – ‘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’

- 5.3 The CP better meets General Objective Two as the proposal will help Suppliers in managing customer expectations with regard to fault resolution. This will assist those Suppliers who are carrying out meter exchanges to support specific customer propositions and therefore help to improve competition in the electricity supply market.

General Objective Three – ‘The efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in their Distribution Licences’

- 5.4 The CP better meets General Objective 3 as Licence Condition 21 “The Distribution Code” places obligations on licensees to ensure licencees operate their network in an efficient, co-ordinated and economical manner. The proposed changes will assist network owners in ensuring these obligations are met.

6 CONSULTATION QUESTIONS

6.1 The following table details the consultation questions that the Working Group is seeking responses to.

No.	Question
1	Do you understand the intent of the CP?
2	Are you supportive of the principles established by this proposal?
3	Do you have any comments on the proposed legal text?
4	Are there any unintended consequences of this proposal?
5	Do you consider that the proposal better facilitates the DCUSA objectives? Please provide your rationale.
6	The proposed implementation for the DCP 195 legal text is six months after Ofgem approval. Reporting will then commence the first quarter after this date and the SLAs will apply from 1 April 2015. Do you agree with these proposed dates?
7	It is proposed that the 2% threshold is based against the quarterly forecasts of smart meter roll outs. The legal text currently specifies that this should use the forecast from 4 quarters ago. How far in advance should this forecast be base-lined to enable adequate resourcing by distributors?
8	If the 2% intervention rate was found to be systematically wrong for a given region or for all regions, how might that be dealt with?
9	Based on your experience, can you provide the DCP 195 Working Group with any information that would aid the group in determining the network fault rate as a percentage of smart meter installations?
10	Should Parties have the ability to refer other Parties to the DCUSA Panel for failure to meet these new obligations?
11	<ul style="list-style-type: none"> a. Do you agree with the proposal that where Distributors are not meeting the SLAs they could potentially be required to submit a recovery plan to the DCUSA Panel? b. Do you have any comments on what the qualifying criteria should be (for example, the legal text proposes failure to meet the SLA for a licence area for two successive quarters)? c. Do you believe that Suppliers should be required to submit recovery plans where their reporting is not in line with the defined rules or where mis-reporting is having an impact on the DNOs ability to meet the service level?

12	<p>a. The Working Group is recommending that the time frame in paragraph 30.5B.1 of the legal text (relating to notifying the Distributor of Category B situations) be 5 WDs, what are your views on what this timeframe should be?</p> <p>b. The view of the Working Group is that the timescales in 30.5C.1 of the legal text (relating to notifying the Distributor of Category C situations) should be 10 Working Days. Do you agree with this timeframe?</p>
13	<p>Clause 30.5B.2 of the proposed legal text states that where a notification of a Category B incident is received it should be rejected if telephone details are not provided unless the customer and their contact details are on the priority services register. This will ensure that the Distributor is able to contact the customer for all accepted flows. Do you agree with this approach?</p>
14	<p>Should the Distributor manage the process for making the appointment with the customer, or should the supplier or their MOP agent take responsibility for dealing directly with the customer?</p>
15	<p>Suppliers: would you find it useful to be notified of work that has been carried out on Category C incidents?</p> <p>DNOs: what issues do you see in notifying Suppliers where work has been undertaken on a Category C incident?</p>
16	<p>Do you believe that any amendments are needed to the legal text to further accommodate IDNOs?</p>
17	<p>In your view, should the DCP 195 legal text include any clauses regarding costs associated with activities to be recouped from the Supplier (such as the charge that may be applicable if the customer aborts an appointment) or does this sit outside of the scope of DCP 195 and if so please state how it should be addressed?</p>
18	<p>Do you have any comments on the format and column headings of the Supplier Forecast Roll out plans reporting table, as provided in the DCP 195 legal text (Part 4 of the proposed new Schedule)?</p>
19	<p>Under the DCP 195 legal text it is proposed that the reports from the User (Supplier) are individually sent to each Company (DNOs). DNOs will then need to aggregate these reports from the individual suppliers. Would your preference be for there to be centralised collation of these reports?</p>

20	<p>A Master Registration Agreement (MRA) change has been drafted under which Distributors would be able to use a new flow to provide Suppliers and MOPs with advanced notice of the date the Distributor has agreed an appointment to complete works. This information would enable the Supplier to schedule a visit at the same time as the Distributor, which may enhance the customer experience.</p> <p>a. Do you agree such a flow should be introduced?</p> <p>b. Do you agree that DCP 195 should introduce an SLA on distributors to send this flow within a reasonable timescale of making an appointment with the customer?</p> <p>c. What do you believe this timescale should be set at?</p> <p>d. The Working Group is proposing that the obligation to send the flow would come into effect six months after the MRA change is approved, do you agree with this proposal?</p>
21	Are there any alternative solutions or matters that should be considered?
22	Do you have any other comments or issues that you would like the Working Group to consider?

6.2 Respondents should be submitted in accordance with paragraph 1.2 by
Thursday, 13 February 2014.

6.3 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.

7 NEXT STEPS

7.1 Responses to the Consultation will be reviewed by the DCP 195 Working Group. The Working Group will then determine the progression route for the CP.

7.2 If you have any questions about this paper or the DCUSA Change Process please contact the DCUSA helpdesk by email to dcusa@electralink.co.uk or telephone 020 7432 2842.

LIST OF ATTACHMENTS

- Attachment A – Response Form
- Attachment B – DCP 195 CP Form
- Attachment C – Asset Condition Codes
- Attachment D –DCP 153 Authority Decision Letter
- Attachment E - Proposed DCP 195 Legal Text
- Attachment F – Extracts from the Electricity Supply Licence