



DCC Service Provider Performance Charges

Consultation Response
Form

Respondent Details

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RESPONSE CONFIDENTIALITY	Non-Confidential

Questions

1. Which of the individual DCC SLAs (set out in the ‘DCC Service Level Agreements’ section of this document) across all three DCC Services, do you consider are the most material and impactful, should they not be met? Please explain your reasons why, noting you can specify more than one.

The most significant DCC SLAs are those relating to the Central Switching Service. These are the SLAs that, if breached, would have a direct real-time impact on customers, and our ability to process new energy account switches.

To note, any issue on CSS 6.1 – 6.4 will impact individual customers, but an issue on CSS 6.6 – 6.8 would bring the whole industry switching capability to a temporary halt.

CSS 6.1 is needed to know a request has been processed.

CSS 6.2 is needed to know a request has been validated / rejected.

CSS 6.3 is important as it occurs just before the supply starts, and confirms that everything is in place, and there is no ‘go-back’.

CSS 6.4 is not as critical from our perspective. If there is an incorrect data field in the GB Standardised Address list, we are still able to process an incoming switch/new customer account, as our system allows an incorrect automated Address to be overwritten, to allow the customer account to still be processed, and the entry on the GB Standardised Address list is corrected later. The three Working Days SLA is helpful, and sensible, but not essential.

CSS 6.5 is not important to us from an Energy Supplier perspective, but will be important for REC Co and REC PAB or whoever is monitoring the contract.

CSS 6.6 is not a concern.

The next most significant DCC SLAs are those relating to the Switching Operator. However, whilst these will be important initially, in the days, weeks and potentially months directly following Go Live (18th July 2022), we would expect the number of incidents to significantly fall after this time of 'Early Life Support'. It is difficult at the moment to know in advance what teething problems may be incurred, and the solution for managing these is needed immediately, rather than just from the proposed launch of SIR on 1st April 2023.

The third set of SLAs are those relating to the CSS Certificate Authority. Within these, CSS CA 6.2 is the most critical – if there a security certificate has been compromised and there is a potential material data breach, it will be essential for the organisation concerned that the certificate is revoked as soon as possible. The other two SLAs (CSS CA 6.3 and 6.4) are important, but less critical.

The incidents covered by the three CSS Certificate Authority SLAs may be adhoc in nature. Rather than waiting for breaches to happen on the CSS Certificate Authority SLAs, we would expect that RECCo/OFGEM would have proactively audited and tested these processes for robustness in advance with the DCC.

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2. Which of the individual DCC Services (if any), do you consider are the most material and impactful, should one or more of their SLAs not be met? Please explain your reasons why.

Please see our answer above, which covers both (1) and (2).

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3. Where do you consider that performance charges relating to some or all DCC SLAs should operate:

- a. the Switching Incentive Regime (SIR);**
- b. the REC Performance Assurance Framework (PAF); or**
- c. split between both the SIR and REC PAF?**

Please explain your answer and detail which SLAs should be subject to the SIR, if any.

We would prefer this to be all under the REC framework - specifically for the REC PAB to assess performance, but RECCo to undertake the engagement and active performance management with the DCC.

Splitting performance management between the two regimes is complicated, and risks some issues being missed, and some being 'double counted'. This is a risk both (a) if some of the DCC SLAs are managed by one entity and some by another, and (b) if responsibility for performance assessment and penalties/performance management is split between REC and the new SIR. A split of responsibility appears messy, and if there are problems introducing the performance management approach, it complicates getting these resolved if they fall between two parties.

We also prefer the relative quicker speed at which the RECCo-led approach would be able to address penalties for missed SLAs through service credits, which would encourage quicker remediation, contingent on service credits being set at adequate levels to incentivise action

We are not sure how 'active performance management' would happen through the SIR described approach. Penalties will only happen a long time after the event, and it isn't clear who in the meanwhile will practically be having the performance discussion with the DCC. However, in the RECCo-led approach, this would be RECCo itself.

We note that the SIR is only planned to be in place from 1st April 2023. Specifically for the Switching Operator, performance against SLAs is expected to be particularly important in the weeks and months immediately following Go Live (18th July 2022). The consultation suggests a temporary interim role for REC PAB, but this only seems to complicate matters, and in reality may mean a gap in performance monitoring delivery in 2023 as the temporary interim REC PAB role moved across to SIR.

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4. Do you consider that any of the three DCC Services (CSS, CSS CA and Switching Operator) should have all their constituent SLAs assured under the SIR as opposed to the REC PAF? Please explain your reasons why, noting that you can specify more than one service to operate in this manner.

We don't see any advantage in splitting the assurance of the three DCC Services (CSS, CSS CA and Switching Operator).

As explained in our answer to (3), we would prefer this all to be under the REC framework – specifically for the REC PAB to assess performance, but RECCo to undertake the engagement and active performance management with the DCC.

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5. Do you agree with RECCo’s concerns that splitting the assurance of the DCC, as a REC Service, between two regimes could undermine RECCo’s ability to hold its Service Provider to account for the end-to-end delivery of its service?

We agree with RECCo’s concerns on this.

We would prefer this to be all under the REC framework - specifically for the REC PAB to assess performance, but RECCo to undertake the engagement and active performance management with the DCC.

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6. Do you consider there to be any other risks or issues with DCC SLAs being subject to the SIR instead of the REC PAF?

We don’t think there are any advantages of splitting the performance management DCC SLAs between the two frameworks, and think this would undermine the ability of either party to fully deliver the assurance role. We consider that one party (REC) should have a clear honest view of the SLAs.

From a DCC practical perspective, we also don’t think it is realistic for DCC’s management team to be reportable to REC PAB, but then required to defend their performance to two different entities, and on two different timeframes. Practically, this would create unnecessary ‘red tape’ and inefficiency, and would distract from the underlying performance optimisation we would be aiming to achieve.

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7. Do you agree that the REC PAB should continue to be responsible for monitoring DCC SLAs and providing a recommendation on whether these have been met if these are assured under the SIR?

We don’t quite understand how this would work in practice.

In Option 1, it is clear – REC PAB would do the monitoring and validation of service performance data, and the RECCo would undertake the engagement and ‘difficult conversations’ with DCC.

In Option 2 (where assurance is under the SIR), it isn't clear where REC PAB's responsibility would end. It would be complicated to split responsibility between SIR and REC PAB. In particular, which party (if any) would actually be empowered to have ongoing performance engagement conversations with DCC? We are concerned that this could lead to continued underperformance, without a clear stakeholder taking over active management of the contract.

We would prefer this to be all under the REC framework - specifically for the REC PAB to assess performance, but RECCo to undertake the engagement and active performance management with the DCC.

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8. If an SIR is introduced, do you consider this should be a temporary measure and reviewed as part of the DCC's Licence review in 2025?

If SIR is introduced, I would expect its performance to be monitored and appraised at some stage. It is not quite clear why this has to be as part of the DCC Licence review process.

However, viewing SIR as a further temporary measure, to be reviewed in 2025, would result in a confused and unstable assurance regime, rather than the consistency and continuity needed for a successful contract management. In summary, as outlined:

- There would be a temporary arrangement for SLA management from July 2022 to March 2023.
- Once SIR was in place, performance would be managed under the new regime for the year April 2023 – March 2024, but this performance would only be challenged in April 2024 – March 2025.
- And then the licence review would be in 2025.

There is a real concern that DCC management time would be taken up trying to meet the different assurance reporting requirements each year, rather than focusing on any necessary performance delivery.

We would prefer this to be all under the REC framework from Day 1 and remain there - specifically for the REC PAB to assess performance, but RECCo to undertake the engagement and active performance management with the DCC.

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9. Do you have any further comments?

There needs to be sufficient resourcing and skill set at whichever entities are involved, ensuring that activities are efficient and proportionate. Monitoring and improvement should be ongoing in all cases.

On the discussion of DCC penalties (% revenue etc) for missed SLAs, commercially these need to reflect the remedies in the underlying contracts with the DCC subcontractors. DCC may be limited in their ability to amend these contracts retrospectively. However, if this approach is taken the penalties need to be adequate to incentivise behaviours.

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