

Proposed Changes to Service Provider Performance Measures Contract - LRR

Seeking feedback from Parties on proposed changes to Long
Range Radio Service Provider Contracts

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1. Executive Summary

1. In August 2013 Arqiva was awarded a major contract to provide communication services for smart meters in Scotland and the North of England for a period of 15 years. This contract was part of the Smart Metering Implementation Programme (SMIP), aiming to upgrade national energy infrastructure by rolling out smart gas and electricity meters to homes and small businesses. Approximately 4 million premises in the North Region currently rely on Long Range Radio (LRR) connectivity for smart metering services
2. The existing LRR enabled service includes legacy technology approaching end of life.. Therefore, any further investment needs to be carefully balanced alongside industry timelines for replacement of these devices with newer technology.
3. The service contract with Arqiva expires in 2028 and DCC have been working with our customers, Ofgem and the Department for Energy Security & Net Zero (DESNZ) to secure a value for money LRR smart communication service in the North Region beyond this expiry date that meets DCC customer and consumer needs.
4. DCC is in the process of agreeing commercial arrangements with the service provider as part of the Long Range Radio Committed Term (LRR CT) programme that maintains an effective service until end 2037. With sufficient due notice an earlier exit or extended period is permissible under the proposed contract that enables a planned and orderly transition as LRR devices are replaced.
5. As part of revised commercial arrangements, the service performance measures have also been reviewed and re-baselined to align with the ongoing service needs between extension of the existing service and its eventual retirement. This consultation proposes changes to relevant Service Provider Performance Measures. DCC is required to consult the SEC Panel and Parties on these prior to making any amendments.
6. DCC's proposals include service performance increases, decreases and new measures, which are reflective of the service lifecycle. We set these out in more detail below. This consultation closes on the 15th September 2026.

2. Background

7. The Data Communications Company (DCC) is Britain's digital energy spine, supporting the transformation of the energy system. DCC is licensed by the Government and regulated by the energy regulator Ofgem to connect smart meters in homes and small businesses across Great Britain to a single secure, digital network. DCC supports the roll-out and operation of second-generation (SMETS2) smart meters, as well as the operation of existing first-generation (SMETS1) meters on our network.
8. DCC manages the performance of DCC Service Providers through commercial agreements, defined within the DCC licence and the SEC as DCC Service Provider Contracts. These contracts are changed or renegotiated from time to time due to a change in service requirements or the period of service is near expiration.
9. As part of the ongoing commercial negotiations DCC is proposing changes to the LRR service performance measures. This includes:
 - 14 existing measures that will have increased performance targets.
 - 3 existing measures that will be reduced.
 - 8 new measures that will be introduced to provide enhanced visibility of key operational outcomes.
 - 2 existing measures are proposed for removal.
10. There are also 18 existing measures that will remain unchanged and are not part of this consultation.
11. The proposed updated framework will contain 43 different measures. We provide further detail within section 3 of this document. The existing measures that are being reduced (3) will not result in any degradation in performance of the service.

2.1. SEC Requirements

12. The SEC requires that DCC consult with both the SEC Panel and SEC Parties before agreeing to any Service Provider Performance Measures changes within DCC Service Provider Contracts. This SEC requirement is set out within SEC H13.3 and further requires DCC to 'give due consideration to, and take into account, any consultation responses received' and provide a statement that describes our 'reasons for proposing to agree such changes'.

13. An extract of SEC H13.3:

H13.3 Prior to agreeing any changes to the DCC Service Provider Contracts that will alter the Service Provider Performance Measures, the DCC shall:

(a) undertake reasonable consultation with the Panel and Parties regarding such changes;

(b) give due consideration to, and take into account, any consultation responses received; and

(c) provide to the Panel, the Parties, the Authority and (on request) the Secretary of State a statement of its reasons for proposing to agree such changes.

14. Through this consultation and related customer engagement DCC meets the requirements of SEC H13.3(a). H13.3 parts (b) and (c) will be met through the DCC consultation conclusion document that will be published following closure.
15. For completeness we are describing changes to measures in the contract referred to as performance measures and key performance indicators, on the basis that these all meet the SEC definition of Service Provider Performance Measure.

2.2. Customer Engagement on Long Range Radio

16. A significant amount of customer engagement has been completed to inform our work with the Service Provider and in the run up to this consultation. We set up the Long Range Radio Committed Term Customer Working Group (CWG) with representatives from across SEC committees and agreed that CTG would act as the decision making Sub-Committee. The CWG has allowed focus on this specific topic and greater access to information than would have been possible through existing forums.
17. CWG allowed us to focus discussion on the LRR project and through 2025 and 2026 worked to establish scope and business needs, and the final set of objectives. Engagement with CTG, OPSG TABASC and SSC was completed at important touch points to gain their support for proposals. In April 2026 TABASC, SSC and OPSG provided their support for the final proposed options. At the same time Panel also supported the view that the proposals met the business requirements.
18. In July CTG met and were provided with an update on commercial negotiations including Performance Measures, requirements, costs and risk reduction opportunities. We will continue SEC governance engagement to ensure OPSG and Panel are kept informed on these items.
19. Prior to contract signature we will engage further with CWG to share the conclusions of this consultation and confirm that our contractual negotiations continue to reflect the approved recommendations.

2.3. Customer Engagement on Service Provider Performance Measures

20. On the 30th of July 2026 DCC engaged with the LRR Customer Working Group (LRR CWG), where DCC confirmed that the core programme principles previously discussed have not changed and described proposals to change the existing service provider performance measures.
21. DCC confirmed that the proposed measures will be consulted on shortly and the new framework consisted of 40+ measures, which were a package of new and updated targets that are aimed to better reflect the current LRR technology lifecycle. DCC described that the majority of existing measures are unchanged or are strengthened. 3 specific measures are being reduced; however, these will not impact performance and are presently unachievable through existing technology.
22. The LRR CWG Group asked how the measures are calculated and DCC confirmed that any measures that are currently, or will be considered as, Code Performance Measures will need to be identified within the Performance Measures Methodology (PMM) and Reported List of Service Provider Performance Measures (RLoSPPM) that would additionally need to be consulted on.
23. In August 2026 we presented the proposed amendments to OPSG and provided them with the opportunity to comment on the priority of measures related to financial sanctions and the definition of estate help outcomes and provided them the opportunity to feedback and influence those topics.
24. We provided details of all measures and highlighted those that have changed and provided the opportunity to feedback. There was no direct feedback in the OPSG meeting, and members were made aware of this upcoming consultation in which they can provide their comments.

2.4. Purpose of the consultation

25. The purpose of this consultation is to describe proposed changes to the LRR performance measures and seek views on these proposals from SEC Parties and Panel.
26. Parties can respond to this consultation by e-mailing consultations@smartdcc.co.uk. This consultation will close on the 15th September 2026 at 1700.

3. Proposed Amendments Service Provider Contracts

27. Following feedback from SEC Parties, proposed changes to DCC's Service Provider Contracts for LRR will focus on service outcomes. Existing measures that have been increased or decreased have used the maximum achievable performance following baselining of the existing technology under the existing contract.

3.1. Measures that will have increased performance targets

28. DCC is proposing to increase the following performance targets within the Service Provider Contracts.

Performance Measure	Existing Service Level	Revised Service Level	Rationale
First time SM WAN connectivity at install	Target 80% Minimum 70%	Target 92% Minimum 82%	Baselined using outputs of 2025/2026 Provider Performance and aligned to Providers delivering the same or similar service in the region.
First time SM WAN connectivity within 30 days	Target 80% Minimum 80%	Target 99% Minimum 96%	Baselined using outputs of 2025/2026 Provider Performance and aligned to Providers delivering the same or similar service in the region.
First time SM WAN connectivity within 90 days	Target 99% Minimum 95%	Target 99% Minimum 96%	Baselined using outputs of 2025/2026 Provider Performance and aligned to Providers delivering the same or similar service in the region.
Round Trip Time 4 Test HAN Interface Command Time: percentage delivered within 25 seconds	Target 80% Minimum 85%	Target 99% Minimum 96%	Baselined using outputs of 2025/2026 Provider Performance and aligned to Providers delivering the same or similar service in the region.

Percentage availability of Core Layer	Target 99.98% Minimum 98.25%	Target 99.99% Minimum 99.25%	Baselined using outputs of 2025/2026 Provider Performance and aligned to Providers delivering the same or similar service in the region.
Percentage of Incident Responses provided to DCC Service Desk within requirement based on Severity Level	Target 99% Minimum 85%	Target 99% Minimum 90%	Baselined using outputs of 2025/2026 Provider Performance and aligned to Providers delivering the same or similar service in the region.
Percentage of Incident Notifications provided to DCC Service Desk within requirement based on Severity Level	Target 99% Minimum 85%	Target 99% Minimum 90%	Baselined using outputs of 2025/2026 Provider Performance and aligned to Providers delivering the same or similar service in the region.
Percentage Incident Resolution of Severity 1 and Severity 2 Incidents within requirement based on Severity Level	Target 99% Minimum 85%	Target 100% Minimum 90%	Baselined using outputs of 2025/2026 Provider Performance and aligned to Providers delivering the same or similar service in the region.
Percentage Incident Resolution of Severity 3, Severity 4 and Severity 5 Incidents within requirement based on Severity Level	Target 90% Minimum 80%	Target 90% Minimum 85%	Baselined using outputs of 2025/2026 Provider Performance and aligned to Providers delivering the same or similar service in the region.
Notification of Planned Maintenance events within required target - Notification of Planned Maintenance events within required target of at least 20 working days in advance of a High Impact Window (HIW) and 10	Target 100% Minimum 90%	Target 100% Minimum 95%	Baselined using outputs of 2025/2026 Provider Performance and aligned to Providers delivering the same or similar service in the region.

working days in advance of a Low Impact Window (LIW)

Percentage of Power Outage Event alerts delivered: 50 Communications Hubs or fewer

Target 99%
Minimum 96%

Target 100%
Minimum 96%

Baselined using outputs of 2025/2026 Provider Performance and aligned to Providers delivering the same or similar service in the region.

Percentage of Power Outage Event alerts delivered: Greater than 50 Communications hubs

Target 99%
Minimum 96%

Target 100%
Minimum 96%

Baselined using outputs of 2025/2026 Provider Performance and aligned to Providers delivering the same or similar service in the region.

Question One

Do you agree with the proposed Service Level increases to the Service Provider Performance Contracts? Please provide a rationale for your response.

3.2. Measures that will have reduced performance targets

29. DCC is proposing to reduce the following performance targets within the Service Provider Contracts.

Performance Measure	Existing Service Level	Revised Service Level	Rationale
Percentage of Category 1 Firmware Payloads Service Requests 11.1 completed within the relevant Target Response Time	Target 99% Minimum 96%	Target 97% Minimum 95%	Baselined using outputs of 2025/2026 Provider Performance this measure is consistently not met by the existing technology and following analysis reducing performance will not impact SEC Parties.
Percentage of Category 1 Firmware Payloads Service Requests 11.4 completed within the relevant Target Response Time	Target 99% Minimum 96%	Target 97% Minimum 95%	Baselined using outputs of 2025/2026 Provider Performance this measure is consistently not met by the existing technology and following analysis reducing performance will not impact SEC Parties.

Percentage availability	Access Node	Target 99.99%	Target 99%	Baselined using outputs of 2025/2026 Provider Performance this measure is consistently not met by the existing technology and following analysis reducing performance will not impact SEC Parties.
		Minimum 99.95%	Minimum 98%	

Question Two

Do you agree with the proposed Service Level decreases to the Service Provider Performance Contracts? Please provide a rationale for your response.

3.1. Removed performance measures

30. The removal of some performance measures is proposed where those measures aren't considered appropriate for future reporting or management. In some cases, we are proposing the Performance Measure is replaced with a KPI

Performance Measure	Existing Service Level	Rationale for removal
Percentage of Communications Hubs delivered on time	Target 99% Minimum 95%	This measure will not be relevant for the contract renewal as all orders and deliveries will be completed prior to contract signature.
Percentage of Communications Hubs accepted by DCC Service Users	Target 99.9% Minimum 99%	This measure will not be relevant for the contract renewal as all orders and deliveries will be completed prior to contract signature.

Question Three

Do you agree with removal of the proposed Service Provider Performance Measures? Please provide a rationale for your response.

3.2. New performance measures

31. New performance measures are proposed to support the move to end of life technology. Reference to the proactive replacement programme relates to updating older or outdated CSP infrastructure to new infrastructure installations for continued to WAN connection. New measures will be introduced following commencement of new contractual arrangements.

Performance Measure	Proposed Service Level	Rationale
Proactive Replacement Programme		
Planned vs actual completions	Target 98%	New measure introduced to support monitoring and management of new CSP infrastructure and capabilities introduced by committed term scope.
Plan critical path milestones (e.g. % high-risk cohort replaced)	Target 98%	New measure introduced to support monitoring and management of new CSP infrastructure and capabilities introduced by committed term scope.
Percentage of all Changes successfully implemented in Production or Live Service within the approved change window, and to an agreed level of quality evidenced as being marked as a successful change	Target 99% Minimum 97%	New measure introduced to support monitoring and management of new CSP infrastructure and capabilities introduced by committed term scope.
Number of Severity Level 1 or 2 Incidents caused by Change implementation occurring within 30 days of the Change implementation	Target 1 Minimum 1*	New measure introduced to support monitoring and management of new CSP infrastructure and capabilities introduced by committed term scope.
Number of Severity Level 3, 4 or 5 or Incidents directly related to a Change implementation occurring within 30 days of the Change implementation	Target 1 Minimum 4*	New measure introduced to support monitoring and management of new CSP infrastructure and capabilities introduced by committed term scope.

*This reflects the maximum number of Incidents for this Service Level.

32. The additional measures outlined below have been agreed in principle with the Service Provider. However, the associated targets and tolerance thresholds remain subject to further development and agreement. In establishing these arrangements, careful consideration will be given to ensuring

that they support the delivery of the best possible outcomes for customers, whilst remaining proportionate, robust and achievable.

Performance Measure	Rationale
Percentage of Comms Hubs which are communicating via a successful Service Request or device alert seen within 35 days.	New measure introduced to bring transparency to estate health and to end to end connectivity throughout the committed term.
Service Request success to the Comms Hub	New measure introduced to bring transparency to estate health and to end to end connectivity throughout the committed term.
Receipt of Return Material Authorisation to the DCC	New measure introduced to bring transparency to Comms Hub return and disposal process.

Question Four

Do you agree that the proposed new measures should be included within the Service Provider Performance Contracts? Please provide a rationale for your response.

Question Five

Do you have any other comments or observations?

4. Next Steps

33. This consultation will close on 15th September 2026 at 1700. DCC will review responses and consider if any changes to the proposals made are required.
34. DCC will present details of this consultation and a summary of responses received to the OPSG along with our final decision and statement, as required by the SEC. DCC will continue to work with the OPSG to define what further changes will need to be made to the PMM and RLoSPPM once proposed performance measures are agreed.
35. DCC will continue to engage with its Service Provider on the remaining aspects of the service, including the reclamation and inventory management of CSP infrastructure, where the detailed operating arrangements remain subject to further development and agreement. DCC will consult on any future material changes or proposals as required.

5. How to Respond

36. Please provide responses by 1700 on 15th September 2026 to DCC at consultations@smartdcc.co.uk.
37. Consultation responses may be published on our website www.smartdcc.co.uk. Please state clearly in writing whether you want all or any part, of your consultation to be treated as confidential. It would be helpful if you could explain to us why you regard the information you have provided as confidential. Please note that responses in their entirety (including any text marked confidential) may be made available to the Department for Energy Security and Net Zero (DESNZ) and the Gas and Electricity Markets Authority (the Authority). Information provided to DESNZ or the Authority, including personal information, may be subject to publication or disclosure in accordance with the access to information legislation (primarily the Freedom of Information Act 2000, the Data Protection Act 2018 and the Environmental Information Regulations 2004). If DESNZ or the Authority receive a request for disclosure of the information we/they will take full account of your explanation (to the extent provided to them), but we/they cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded by us as a confidentiality request.
38. If you have any questions about the consultation documents, please contact DCC via consultations@smartdcc.co.uk.

6. Attachments

- Attachment 1: LRR Response Template