Department for Energy Security & Net Zero
3-8 Whitehall Place
London SW1A 2AW
www.gov.uk/energysecurity

The Authority (Ofgem), the SEC Panel, SEC Parties
and other interested parties

30 June 2026

Dear Colleague,

VIRTUAL WAN ARRANGEMENTS: TEMPORARY DISABLEMENT OF 4G SM WAN COMMUNICATIONS WITH VIRTUAL WAN COMMUNICATIONS HUBS (VWCHs) – RESPONSE Document

On 11 June 2026 DESNZ's set out proposals[1] to make changes to the Virtual WAN Transition Document to put in place arrangements for a temporary disablement of the ability of VWCHs with the soft-launch firmware version to communicate with the DCC via the SM WAN.

We also proposed changes to the governance of the WAN Selection Arrangements (WANSA) in light of the fact that an updated version will soon be made available that will apply to 4G Release 2 VWCHs.

We received eight responses to the consultation. The responses were broadly positive although two respondents sought more flexibility within the proposed arrangements. In light of the responses, we are proposing to implement the arrangements, this is discussed further in the attached consultation response document.

Yours faithfully,

James Cosgrove
Deputy Director
Smart Metering Implementation Programme

(An official of the Department for Energy Security & Net Zero authorised to act on behalf of the Secretary of State).

Annex 1: Consultation Response Document

Annex 2: SEC Appendix AZ - Virtual WAN Transition Document v6.0

Annex 3: Direction to re-designate the Virtual WAN Transition Document

[1] DESNZ Consultation on temporary disablement of 4G communications with some Virtual WAN Communications Hubs - Smart Energy Code

Annex 1 – Consultation Response Document

1. On 11 June 2026, DESNZ set out proposals and invited views on, changes to the Virtual WAN Transition Document to put in place arrangements for a temporary disablement of the ability of VWCHs with the soft-launch firmware build to communicate with the DCC via the SM WAN. It also includes changes relating to the governance of the WAN Selection Arrangements (WANSA).
2. The proposals would operate on an “opt in” basis, which means that unless a particular Supplier Party indicated that it wishes to participate in the arrangements, 4G Communications will not be disabled for any of the VWCHs that are sent to it, or any they already have.
3. The arrangements would terminate 31 May 2027 (or such later date as may be notified by the department) when the DCC will re-establish 4G capability for the relevant VWCHs and by which time it is expected that the relevant VWCHs will have been upgraded to operate on the new WAN Selection Arrangements (WANSA2).
4. The proposals were intended to mitigate issues that have arisen in soft launch. VWCHs have been demonstrated to work well when connected to the DCC via the consumer’s internet and a Virtual WAN Device in no-WAN premises, as well as in premises with a good 4G connection where they default to communications via the SMWAN. However, some issues have been experienced in premises with a 4G SM WAN signal of insufficient strength or quality (resulting in intermittent 4G connectivity). In some instances, the VWCH selects the 4G SM WAN as the preferred means of communication with the DCC in situations where, in practice, effective communications with the DCC cannot be secured via that route.
5. New WAN Selection Arrangements (WANSA) rules (known as “WANSA2”) to deal with this issue are being developed and will apply (subject to consultation) to the 4G “Release 2”[2] VWCHs and so the issue should apply only in relation to the VWCHs that have been or are being made available that are based on the soft-launch firmware build.
6. Changes to the governance of the WANSA documents were also proposed in light of the fact that for a relatively short period of time (i.e. until those based on the soft-launch firmware are upgraded) two versions of WANSA will be in use, since devices operating on the soft-launch firmware (and hence WANSA1) will be installed at the same time as new VWCHs with the updated firmware (operating on WANSA2).

Consultation Questions

7. Two questions were raised in the consultation:
    1. **Do you agree with the changes put forward in this consultation?**
    2. **Do you agree with a date of 29 June 2026 (or as soon as reasonably practicable within one month thereafter) as a date for re-designation of the Virtual WAN Transition Document (Appendix AZ) in the form set out in Annex 2 to the covering letter?**

Consultation Responses

8. We received eight responses to the consultation, six from supplier parties, one from the DCC and one from the SEC Panel. Four of the supplier parties were supportive of implementing the proposals, one of those asked whether the arrangements would extend to test VWCHs. The two other suppliers did not support the proposed blanket disablement proposals and instead sought additional flexibility in the arrangements. It was suggested that it would be more appropriate for

2 The Release 2 of the 4G Communications Hub currently being developed by DCC will include VWAN capability as part of the shipped firmware

suppliers to be able to agree more specific, smaller quantities of disablement of the batch 2 VWCHs on a bilateral basis with the DCC.

9. It was proposed that if a more targeted approach to disablement was implemented which applied to fewer VWCHs, this would mitigate the potential risk of issues arising with re-enablement of 4G communications. Questions were also raised over what compensation arrangements would apply if there were issues associated with the re-enablement of 4G communications.
10. One respondent supported targeted disablement where it was operationally justified but more generally was concerned about retaining operational flexibility and wished to avoid the possibility of causing confusion for installers.
11. One respondent provided support, but conditional on a number of matters including:
    a. Customer and operational impacts:
        i. how the VWAN-only hubs will function in change of supplier scenarios;
        ii. how an incoming supplier would identify that a VWCH is operating in a modified VWAN-only configuration;
        iii. the implications for device replacement and fault resolution;
        iv. practical implications where the consumer's broadband is unavailable, degraded, or subject to change; and
        v. the extent to which consumers may experience reduced resilience where 4G is disabled as a fallback option.
    b. The need for additional assurance and reporting; and
    c. Assurances that the arrangements were temporary and would not become enduring.
12. One respondent stated that it was unclear what would happen if a supplier opted out and a VWCH from a supplier who had opted in transferred to them following a change of supplier event.
13. One respondent did not agree with the proposal that the Department could extend the re-enablement date beyond 31 May 2027 on a unilateral basis since this could potentially leave suppliers with VWCHs that could not be used for an extended period.
14. Most respondents agreed with the proposed date for re-designation of the Virtual WAN Transition Document, with one respondent agreeing subject to DESNZ having sufficient time to address feedback, and where necessary address this through drafting changes.
15. The DCC supported the implementation of the arrangements and highlighted a number of associated risks that it had considered and the mitigating actions that DCC or others might need to take. In addition to having successfully tested the 4G disablement and re-enablement in UIT and in production to provide confidence that the underlying process will work, the DCC noted that:
    a. It will be important for opting in suppliers to recognise that until 4G re-enablement, the relevant VHCHs will need to be connected to the consumer's internet via a VWD in order for them to operate successfully;
    b. Assuming that they are otherwise working correctly, the inability of the device to connect to the 4G network (until re-enabled) would not constitute a "fault" for the purposes of a return of the VWCH;
    c. Supplier intervention may be needed to support a firmware upgrade of the devices to the MR2 version in circumstances where connectivity to the device is lost (e.g. it has been disconnected from the consumer's internet).

DESNZ Response

16. It is acknowledged that the temporary switch-off arrangements are relatively broad brush in that suppliers are being invited to opt in to disablement for all non-commissioned VWCHs in batch 1 and/or separately for all VWCHs that are to be delivered in batch 2 (in addition to being able to specify individual commissioned VWCHs in batch 1). We would be open to further discussions with the DCC and suppliers who are seeking more targeted or flexible disablement arrangements, noting of course that in such circumstances it would be necessary for DCC also to engage with its service provider to assess the feasibility and costs of any such arrangements. In the meantime, however, and in light of the support that some respondents have given to the opt-in process put forward, we propose to implement the arrangements as proposed in the original consultation. We understand that DCC has reached out to all affected suppliers (i.e. those with, or about to take delivery of, the relevant VWCHs) to seek their views on whether they wish to opt in.
17. Suppliers who have concerns about the impact on their installation processes or have concerns over the fact that disabled VWCHs would only be capable of operating via the internet, can elect not to opt in, or to opt in only for either batch 1 or batch 2.
18. As far as re-enablement is concerned, the DCC has successfully tested disablement and re-enablement in both test and live environments and more generally taken steps to mitigate the perceived risks associated with the disablement/re-enablement of 4G communications. In the unlikely event that issues do arise we will take the appropriate necessary steps at the time to deal with them.
19. As far as operational issues are concerned, we think it is important to bear in mind that the number of potentially affected VWCHs is no greater than 10,000 in total. In practice, we expect that the actual number will be somewhat smaller than this because not all suppliers will opt in to the process – and so possibly 5,000 – 8,000. This is also a temporary arrangement and, as mentioned above, re-enablement has been tested successfully in both test and production environments.
20. The change of supplier process has been tested with VWCHs operating on the consumer internet connection and we believe that a change of supplier event would be processed normally and that the VWCH would continue to operate via the consumer's internet. This would mean that the incoming supplier would not necessarily need to know that 4G communications had been disabled, and the premises would simply appear to be one that is reliant on VWAN. We will discuss with suppliers whether, in the interim period between disablement and re-enablement, it is important for suppliers to know whether 4G has been disabled for a VWCH following a CoS event. If so, then we will consider means of making available the relevant VWCH GUIDs so that they can be identified. It is not being proposed that where a disabled VWCH transfers to a supplier that has opted out of the arrangements, 4G communications will be automatically re-instated before 31 May 2027.
21. As far as device replacement and fault resolution are concerned, the premises should operate in the same manner as a premises with a VWAN enabled Smart Metering System in a No-SM WAN area. More generally the whole point of the proposed changes is to support increased numbers of installations as part of Soft Launch precisely so as to identify whether there are issues associated with device replacement and fault resolution or elsewhere.
22. Our assumption is that DCC will continue to issue reporting in-line with the arrangements made for the Soft Launch. We expect to see more installations using the VWAN all the time and fewer switching from SM WAN to virtual and back, noting that not all VWCH will be operating with no SM WAN.
23. We continue to consider the arrangements as temporary and expect that the underlying issues that we are seeking to address will be resolved as part of the introduction of the new WAN Selection Arrangements in 4G Release 2.
24. As far as the re-enablement date is concerned, DESNZ would seek the views of relevant suppliers and the DCC before making any decision to delay the date beyond 31 May 2027. As

such, whilst the decision would be made by the department, it would not be made on a unilateral basis.

25. We note the successful testing that the DCC has carried out and the other points raised regarding risk mitigation.
26. A few minor consequential changes have been made to the drafting of the Virtual WAN Transition Document following a further review within the department. Given that this document is now being published on 30 June, we have also changed the date by which suppliers who wish to opt in need to notify the DCC by 30 June. The disablement for batch 1 VWCHs is still proposed to take place on 1 July 2026.

Next Steps

27. We are re-designating the Virtual WAN Transition document today, incorporating the changes proposed in the consultation. The direction notice is in Annex 3.

Annex 2 – SEC Appendix AZ - Virtual WAN Transition Document v6.0

Published separately

Annex 3: Direction to re-designate the Virtual WAN Transition Document

This direction is made for the purposes of the smart meter communications licences granted under the Electricity Act 1989 and the Gas Act 1986 (such licences being the “DCC Licence”) and the Smart Energy Code designated by the Secretary of State pursuant to the DCC Licence (such code being the “SEC”).

Words and expressions used in this direction shall be interpreted in accordance with Section A (Definitions and Interpretation) of the SEC.

Pursuant to Condition 22 of the DCC Licence and Section X5 (Incorporation of Certain Documents into this Code) of the SEC, the Secretary of State directs that, with effect from 30 June 2026, the Virtual WAN Transition Document previously designated and incorporated into the SEC as SEC Appendix AZ is hereby re-designated and incorporated in the form of the document referred to in Annex 2 to the covering letter of this direction.

For the avoidance of doubt such re-designation of these documents shall be without prejudice to anything done under the DCC Licence or the SEC on or after this document being re-designated, or the continuing effectiveness of anything done in this document prior to its re-designation (which shall have effect as if done under the relevant re-designated document).

This direction is also being notified to the SEC Administrator