



Department for
Energy Security
& Net Zero

**Department for Energy Security &
Net Zero**

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Gary Glennard
Chief Delivery Officer
Smart DCC Limited,
65 Gresham Street,
London,
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By email only: gary.glennard@smartdcc.co.uk

26 March 2024

Dear Gary,

DIRECTION UNDER SECTION X11.2 OF THE SMART ENERGY CODE

On 12 December 2023, the government consulted¹ on proposals to introduce arrangements that would allow for Smart Metering Systems to be communicated with via the DCC, the internet, the consumer's broadband connection and a third-party provided device within the consumer's premises, which has functionality allowing it to connect both to the consumer's broadband and a 4G Communications Hub.

In order to gain a better understanding of the costs that would be incurred as a consequence of introducing the changes to DCC Systems and 4G Communications Hubs that would be needed to support an Internet-based Smart Metering Solution, please find attached a direction under Section X11.2 of the SEC.

This direction requires the DCC to develop a robust estimate of those costs. Your team have informed us that in order to provide this, the DCC might need to undertake a request for proposal from service providers who are willing to provide, operate and maintain the Virtual WAN Provider Interface that will be needed as part of the solution. I understand that the procurement of the Virtual WAN Provider Interface is a relatively small-scale exercise and that the running of a request for proposal in relation to this element of the solution will be a relatively quick and easy process.

Please note that the Department has not, at this stage, made a decision to proceed with the implementation of these arrangements and you will therefore be likely to wish to make this clear

¹ <https://smartenergycodecompany.co.uk/latest-news/government-consultation-on-smart-metering-systems-connecting-to-dcc-via-the-internet/>

to those responding to any request for proposal. The estimate of costs should be provided to the Department by no later than 30 April 2024.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Jennie Tse', with a stylized flourish at the end.

Jennie Tse
Director
Smart Metering Implementation Programme

cc
Stève Hervouet
SEC Administrator
Melissa Giordano (Ofgem)

Annex – Direction Pursuant to Section X11.2 of the SEC

1. This direction is made for the purposes of the Smart Energy Code designated by the Secretary of State pursuant to the smart meter communication licences granted under the Electricity Act 1989 and the Gas Act 1986 (such code being the "SEC").
2. Words and expressions used in this direction shall be interpreted in accordance with the smart meter communications licences and Section A (Definitions and Interpretation) of the SEC provided that the term Internet-based Smart Metering Solution shall have the meaning set out in paragraph 5 of this direction.
3. Pursuant to Section X11.2 (Optional Analysis) of the SEC, the Secretary of State hereby directs the DCC to develop a robust estimate of the likely development, capital and operating costs that will be incurred by the DCC in making changes to DCC Systems and 4G Communications Hubs in order to support an Internet-based Smart Metering Solution, and should assume that devices with the capability to connect to the consumer's broadband and the Communications Hub ("CADgs") will be provided by third parties.
4. The estimate of costs should be submitted by the DCC to the Secretary of State by no later than 30 April 2024.
5. Internet-based Smart Metering Solution means a solution that allows for a Smart Metering System with a 4G Communications Hub to connect via a third party provided device installed in the consumer premises, to the consumer's broadband and to the DCC via the internet and a DCC provided Virtual WAN Provider interface. Details of the solution have been discussed by representatives of the DCC and the Department over the past several months.
6. This direction is also being notified to the SEC Administrator and Ofgem.