



Department for
Energy Security
& Net Zero

Department for Energy
Security & Net Zero
3-8 Whitehall Place
London SW1A 2JP

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

20 December 2023

Dear Colleague,

**SMART METERING IMPLEMENTATION PROGRAMME: RESPONSE TO
CONSULTATION ON CHANGES TO THE DCC LICENCE AND THE SMART ENERGY
CODE FOR THE 4G COMMUNICATIONS HUBS & NETWORKS PROGRAMME**

This letter contains a response (and associated legal drafting) to our consultation of **1 September 2023**¹ on changes to the DCC Licence and the main-body of the Smart Energy Code (SEC) to support the provision of a next generation 4G communications service by the DCC in the central and south regions of Great Britain.

All respondents supported our proposed changes to the DCC Licence and main-body SEC with some respondents making additional proposals. A summary of consultation responses and our response to comments made by respondents can be found in **Annex 1** to this letter.

Following consideration of the comments received we do not plan to make any changes to the legal text as consulted on. We will therefore lay the changes to the main-body SEC and DCC Licence included in **Annexes 2 to 5** of this letter before Parliament in May 2024 using powers conferred under section 88 of the Energy Act 2008. Once the changes to the main-body SEC have been incorporated, we will bring relevant provisions into legal effect as and when required to support the provision of the 4G communications services via additional provisions in the Network Evolution Transition and Migration Document (NETMAD).

Yours faithfully,

Jennie Tse

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 Response to consultation

Annex 2 Changes to DCC Licence Condition 16 (published separately)

¹ <https://smartenergycodecompany.co.uk/latest-news/department-for-energy-security-and-net-zero-smart-metering-implementation-programme-consultation-on-changes-to-the-dcc-licence-and-the-smart-energy-code-for-the-4g-communications-hubs-networks-prog/>

Annex 3 Changes to DCC Licence Condition 17 (published separately)
Annex 4 Changes to DCC Licence Schedule 1 (published separately)
Annex 5 Changes to the Smart Energy Code (published separately)

Annex 1: Response to consultation

Overview of consultation responses

1. The 1 September 2023 consultation² closed on 29 September 2023 and we received a total of four written responses from the Smart Energy Code (SEC) Panel, EDF Energy, E.ON and Octopus Energy.
2. All respondents agreed with our proposed changes to the DCC Licence and the main-body SEC. Some respondents suggested additional changes for consideration.

Overview of government response

3. The Department for Energy Security & Net Zero ('the Department') notes agreement from all respondents with the proposed changes to the DCC Licence and the main-body SEC set out in the 1 September 2023 consultation. Several suggestions were made to make additional regulatory changes, however, we have chosen not to incorporate these.
4. We will lay the changes to the main-body SEC and DCC Licence included in Annexes 2 to 5 of this letter (published separately) before Parliament in May 2024 using powers conferred under Section 88 of the Energy Act 2008.
5. Once the proposed changes have been incorporated into the main-body SEC, we will bring relevant provisions into effect as and when required to support the DCC's delivery of the 4G Communications Hubs and Network (CH&N) programme. The intention is to do this via additional provisions in the Network Evolution Transition and Migration Document (NETMAD), with such provisions being consulted upon by the DCC in due course.

Responses to the consultation questions

Q1	Do you have any comments on the principles of the proposed changes to the DCC Licence and main-body SEC for 4G CH&N set out in Sections 3, 4 and 5 of this consultation document?
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Overview of responses

6. All four respondents were in agreement with the principles of the proposed changes to the DCC Licence and main-body SEC, and made comments for additional proposals which are presented below.

Detailed comments and government response and decision

7. Two respondents encouraged a decision on SMETS1 replacements in the North Region, more precisely whether SMETS1 2G/3G Communications Hubs should be replaced with

² <https://smartenergycodecompany.co.uk/latest-news/department-for-energy-security-and-net-zero-smart-metering-implementation-programme-consultation-on-changes-to-the-dcc-licence-and-the-smart-energy-code-for-the-4g-communications-hubs-networks-prog/>

4G Communications Hubs. They also suggested that the DCC commits to continue working alongside SEC Parties via the Communications Transition Group (CTG) to ensure that User requirements are fully developed and understood and the DCC can therefore put forward the necessary business cases with support of its customers.

Government response: We acknowledge comments received in relation to providing 4G WAN connectivity in the North Region. As suggested in the comments, it is for the DCC to submit, after capturing DCC Users' business needs, a business case for the delivery of any new service capability including the provision of new communications services in the North Region.

8. One respondent made a comment relating to the upgrade of 2G/3G Communications Hubs with 4G Communications Hubs, and suggested a more centralised, collaborative approach that is geographically focused and managed by a single regulated entity. Another respondent suggested that a governance framework be established to ensure that the 4G CH&N services are introduced whilst ensuring maintenance of 2G/3G services.

Government response: Under the current regulatory framework energy suppliers are accountable for maintaining services to consumers and they will need to individually plan how they will undertake and resource this activity. The SEC Panel's CTG is understood to have an existing role in facilitating transition to 4G services and maintaining continuity of smart services to consumers. Our proposed changes are limited to facilitating the delivery of 4G CH&N capability and do not consider the overarching accountability or governance model.

9. One respondent emphasised the importance that DCC WAN coverage targets are independent of the communications technology and that the DCC strives for 100% 4G WAN coverage as soon as possible. They also noted that DCC Users were still unable to compare 2G/3G and 4G WAN coverage.

Government response: The DCC has contracted with a service provider to deliver 4G coverage to 99.25% of meter points in the central and south Geographical Regions. This follows consideration of options for increasing coverage beyond 99.25% as part of its procurement process. The DCC's Licence requires that over time it assesses opportunities to extend its coverage in a way that is technically practicable and not at a disproportionate cost.

As noted in our 1 September 2023 consultation, we have made some proposed changes to Section H8.16 of the SEC to make clear that the Self-Service Interface (SSI) must distinguish by Communications Technology when providing information on whether a Communications Hub installed in a premises at any given location is expected to be able to connect to the SM WAN. This allows the direct comparison of 2G/3G and 4G WAN coverage in any given location. The DCC noted in its consultation on transitional and enduring regulatory changes to support the 4G CH&N programme³ that it will not be providing this functionality until the start of the IPV phase. However, the DCC has confirmed that it will be providing through the DCC's Microsoft SharePoint an interim WAN coverage checker which will indicate whether a property at a specific address within a postcode has 4G WAN coverage prior to the start of IPV. This, used in conjunction with the current SSI, will allow comparing 2G/3G against 4G WAN coverage in any premises.

³ <https://www.smartdcc.co.uk/consultations/communications-hubs-networks-consultation-on-transitional-and-enduring-regulatory-changes/>

10. One respondent suggested that minimal effort should be placed on implementing new requirements for the DCC to provide residual quantities of 2G/3G Communications Hubs once 4G Communications Hubs have been made available at volume and noted that any installation of 2G/3G Communications Hubs post-introduction of 4G Communications Hubs would be driving costs for all energy suppliers.

Government response: The ability for energy suppliers to order 2G/3G Communications Hubs post-volume manufacture and supply of 4G Communications Hubs remains an outstanding transition question that the DCC has indicated it will soon engage with industry on through customer workshops. Should there be a proposal to introduce an end date to 2G/3G supply, then this will require consultation by the DCC alongside the associated regulatory changes that would be necessary to give effect to it.

11. One respondent raised concern over the charges being proposed for the scrappage of 2G/3G Communications Hubs.

Government response: As noted in our 1 September 2023 consultation, we invite respondents to raise views on charges directly with the DCC.

12. One respondent queried interactions between this consultation and the Ofgem consultation on the future of the DCC Licence arrangements, in particular the potential to change responsibility for the provision of Communications Hubs. The respondent noted that they would welcome engagement with Ofgem and the Department at an appropriate time before Ofgem make any decision in this space.

Government response: We acknowledge the request for engagement with Ofgem and the Department on this matter and that these arrangements may need to be revisited should the responsibility for the provision of Communications Hubs change.

Q2	Do you have any comments on the legal drafting for the DCC Licence and main-body SEC in Annexes 2 to 5?
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Overview of responses

13. All four respondents supported our proposed legal drafting for the DCC Licence and main-body SEC, with one respondent making an additional suggestion.

Detailed comments and government response and decision

14. One respondent questioned whether there is a need to amend SEC Sections F5.20 - F5.22 to clarify that the SEC requirements apply to any OMS arrangements that the DCC puts in place. This should include the scenario where the proposed OMS solution does not provide DCC Users with a direct system interface and instead requires them to provide forecasts and orders via email.

Government response: The DCC has given the view in its consultation on transitional and enduring regulatory changes to support the 4G CH&N programme⁴ that further changes may be required to the regulatory framework to provide for an Order Management System (OMS) for the CH&N programme. The DCC intends to consult

⁴ <https://www.smartdcc.co.uk/consultations/communications-hubs-networks-consultation-on-transitional-and-enduring-regulatory-changes/>

upon further proposals in the first quarter of 2024, concluding before the end of June 2024. This will enable consideration of whether or not further changes to the relevant parts of Section F are required.

Q3	Do you have any comments on the timing of making the proposed changes to the SEC and DCC Licence?
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Overview of responses

15. All respondents were in agreement with our proposed timeline for making changes to the DCC Licence and the main-body SEC. One respondent acknowledged that there were still areas of uncertainty that may require additional changes to the DCC Licence or the main-body SEC over the coming months.

Next Steps

16. As set out previously, we will lay the changes to the main-body SEC and DCC Licence included in Annexes 2 to 5 of this letter (published separately) before Parliament in May 2024 using powers conferred under section 88 of the Energy Act 2008.

17. As noted in our 1 September 2023 consultation:

- To the extent that any changes need to be disapplied until the DCC 4G service goes live at the end of 2024, the NETMAD will be used for disapplying the necessary provisions and any revisions to the NETMAD drafting will be consulted upon by the DCC as appropriate in advance of this.
- We have not drafted changes to the main-body SEC to reflect any discontinuation/ run-down of DCC's obligations to provide 2G/3G Communications Hubs but recognise that proposals to make changes in this area may emerge in the future.
- Further changes to the SEC may be required as a consequence of any arrangements for compensation for Communications Hub only replacement site visits which are being consulted upon separately, and these will need to be reviewed in the round with the changes in this consultation.
- There may be additional changes required to Section M2 – Limitations of Liability to reflect the contractual arrangements that the DCC has established for the 4G services, however we cannot currently confirm whether or not such changes are needed.