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# DP323

# 'Introduction of DCC Charging Arrangement Notice Periods'

## Modification Report

### Version 0.1

### 28 May 2026

Corporate member of Plain English Campaign
Committed to clearer communication
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Smart Energy Code

## About this document

This document is a Modification Report. It currently sets out the background, issue, solution, impacts, costs, implementation approach and progression timetable for this modification, along with any relevant discussions, views and conclusions. This document will be updated as this modification progresses.

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SEC
Smart Energy Code

# 1. Summary

This proposal has been raised by Charlotte Gilbert from BUUK.

The Data Communications Company (DCC) calculates how Fixed Charges are split across User groups yearly. SEC Section K ‘Charging Methodology’ does not specify a defined notice period for amendments to the split between User groups, creating uncertainty as to costs that users will be charged.

In situations of significant costs changes, this leads to misalignment with other industry charging timelines, particularly Use of System charges, which follow more structured schedules. As a result, Distribution Network Operators (DNO) must rely on assumptions when setting charges under Revenue = Incentives + Innovation + Outputs (RIIO) price control timelines, increasing the risk of forecasting errors and subsequent corrections.

The Proposed Solution is to introduce a defined notice period in SEC Section K that would align with other industry charging timelines, ensuring DCC charges are communicated on a consistent and predictable schedule. This would improve cost forecasting accuracy, reduce volatility for network charging and support better coordination across industry charging frameworks.

The costs to implement this modification will be determined as part of the refinement process. The modification is targeting a November 2026 SEC Release under Self-Governance.

# 2. Issue

## What are the current arrangements?

Each year, the DCC must calculate Charging Group Weighting Factors, which determine how Fixed Charges are split across User groups, i.e. DNO and Suppliers. These results are published in the annual Charging Statement.

Charges are calculated based on the expected demand for DCC services (excluding Elective Communications Services (ECS)) by each group.

To calculate charges, the DCC uses a blended method consisting of the previous two full Regulatory Years (RY) actual usage data as well as forecast usage for the next two RY.

This creates stability across the industry as charges are not driven by singular RY. Forward forecasts are also considered to create predictability, as it smooths future changes.

## What is the issue?

SEC Section K3.13 does not define a clear or standardised notice period for publishing amendments to the splits between User groups, creating uncertainty for industry Parties when setting their own charges.

This lack of prescribed timing means the DCC charges may be communicated later, or on a different schedule, than other key industry charges (such as Use of System charges), which operate to defined and predictable timelines.

Because there is no prescribed timing, DCC User groups – particularly DNOs and Suppliers – face misalignment between DCC charging timelines and wider industry charging frameworks. This leads to:

- Reduced certainty when forecasting costs
- Reliance on assumptions during price-setting processes, and
- A risk of subsequent corrections or adjustments.

This absence of explicit notice period introduces inconsistency, reduced predictability and potential volatility in downstream charging arrangements.

## What is the impact this is having?

The lack of a defined notice period for this type of amendment creates timing uncertainty that misaligns with Distribution Connection and Use of System Agreement (DCUSA) timescales for setting DUoS charges, forcing DNOs to rely on assumptions when setting charges.

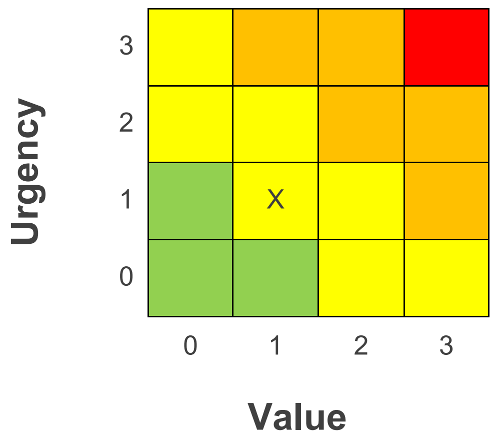
This increases the risk of forecast inaccuracies, under/over-recovery, and subsequent corrections, ultimately reducing the stability and predictability that price controls are designed to provide.

### Impact on consumers

This modification will not have a direct impact on consumers. However, standardising charging arrangements notice periods will improve transparency and allow Parties to effectively forecast charges. In turn, this would have a positive impact on consumers, as they are ultimately paying for energy consumption and associated services.

## What is the priority of this modification?

This modification has a priority score of **medium**. This rating is based on the following factors:




The modification will provide cost benefits to the industry, along with improvements to regulatory compliance and operational performance.

Please refer to Appendix 3 for a full breakdown of how the priority score was calculated.

### What is the Strategic Direction Statement (SDS) priority of this modification?

The SDS prioritisation of this modification is **standard**.

This is based on its alignment with reforming energy Code governance to enable faster, strategic aligned rule changes across the sector.

It has a moderately high importance given its cross-code implications, as well as the benefits it would bring to the industry.

The overall complexity of the modification is low, as the modification only proposes legal text changes.

## 3. Solution

### Proposed Solution

The Proposed Solution would look to amend SEC Section K ‘Charging Methodology’ to include an indicative timeline for the DCC to notify Parties of amendments to the splits of Charging Arrangements.

This would allow Parties to budget and apportion charges more accurately as well as having greater visibility of DCC cost changes ahead of time.

The Proposed Solution would likely lead to fewer instances of under or over-recovery of charges.

## 4. Impacts

This section summarises the impacts that would arise from the implementation of this modification.

### SEC Parties

| SEC Party Categories impacted | | | |
|---|---|---|---|
| ✓ | Large Suppliers | ✓ | Small Suppliers |
| ✓ | Electricity Network Operators | | Gas Network Operators |
| | Other SEC Parties | ✓ | DCC |

This modification will have a positive impact on DCC Users liable for DCC Charges, as it would provide greater and earlier visibility of indicative DCC costs. This would improve Parties’ ability to budget and apportion appropriate charges.

The DCC would be impacted by this modification as the organisation would be required to notify charging arrangements within an agreed timeline. This may require resourcing and possibly changes in operational processes.

## DCC Systems

**DCC System changes**

This modification will not have an impact on the DCC System.

**DCC System traffic**

This modification will not have an impact on DCC System traffic.

## SEC and subsidiary documents

The following parts of the SEC will be impacted:

- Section K 'Charging Methodology'

The changes to the SEC required to deliver the proposed solution will be developed as part of the refinement process of the modification.

## Devices

This modification will not have any impact on Devices.

## Consumers

The Proposed Solution will likely have a positive impact on consumers. Standardising charging arrangements notice periods will improve transparency and allow Parties to effectively forecast charges. As the charges are ultimately passed to consumers, accurate forecasts will avoid overcharging or undercharging.

## Other industry Codes

This modification will not require consequential changes to other industry Codes. However, DCP469 'Cross Code Standardisation of Charging Arrangement Notice Periods' is looking to align charging arrangement notice periods across Distribution Use of System (DUoS), Transmission Network Use of System (TNUoS) and Balancing Settlement Use of System (BSUoS).

Adding the DCC arrangement notice periods will add uniformity to the industry.

## Greenhouse gas emissions

This modification will not have an impact on greenhouse gas emissions.

# 5. Costs

## DCC costs

There are no anticipated DCC costs associated with this modification.

### SECAS costs

The estimated SEC implementation cost to implement this as a stand-alone modification is one day of effort, amounting to approximately £600. This cost will be reassessed when combining this modification in a scheduled SEC Release. The activities needed to be undertaken for this are:

- Updating the SEC and releasing the new version to the industry.

### SEC Party costs

Any SEC Party costs associated with this modification will be determined as part of the refinement process.

## 6. Implementation approach

### Recommended implementation approach

SEC Change Team is recommending an implementation date of:

- **5 November 2026** (November 2026 SEC Release) if a decision to approve is received on or before 22 October 2026; or
- **25 February 2027** (February 2027 SEC Release) if a decision to approve is received after 23 October 2026 but on or before 11 February 2027.

It is recommended that the modification is implemented in the earliest available SEC Release, as it is a text-only change. Additionally, this would align with other Code modifications relating to alignment of notice arrangements, ensuring uniformity across the industry.

## 7. Assessment of the proposal

### Areas for assessment

**Sub-Committee input**

SEC Change Team will engage with the Chairs from the Finance Sub-Committee (FSC) Operations Group (OPSG), the Technical Architecture and Business Architecture Sub-Committee (TABASC), the Security Sub-Committee (SSC), the Smart Metering Key Infrastructure Policy Management Authority (SMKI PMA), the Performance Assurance Board (PAB), the Privacy Sub-Committee (PSC), the Smart Metering Device Assurance Sub-Committee (SMDASC) and Testing Advisory Group (TAG) to confirm what input is required from these forums. SECAS believes the following Sub-Committees will need to provide the following input to this modification:

| Sub-Committee input | |
|---|---|
| **Sub-Committee** | **Input sought** |
| FSC | Input on proposed legal text changes. |
| OPSG | No input required. |
| PAB | No input required. |
| PSC | No input required. |
| SMDASC | No input required. |
| SMKI PMA | No input required. |
| SSC | No input required. |
| TABASC | No input required. |
| TAG | No input required. |

# 8. Case for change

## Business case

This modification will improve the transparency of DCC charging arrangements. Allowing for aligned timescales provides certainty and improves Parties' ability to budget, particularly around Price Control periods. This modification will also reduce volatility for Suppliers, particularly when aligning with Use of System charges.

Without this change, Parties will rely on significant assumptions or corrections.

## Views against the General SEC Objectives

**Proposer's views**

The Proposer believes this modification will benefit SEC Objectives (b)[1] and (g)[2]. Introducing notice of any amendments to the splits between Users for charging arrangements will allow the DCC to comply with its License obligations relating to charging. It will also introduce an agreed timeframe for notice of charging arrangements, thus improving the transparency administration and implementation of this Code.

Industry views relating to the SEC Objectives that will be better facilitated by this modification will be gathered as part of the refinement process for this modification.

[1] enable the DCC to comply at all times with the General Objectives of the DCC (as defined in the DCC Licence), and to efficiently discharge the other obligations imposed upon it by the DCC Licence

[2] facilitate the efficient and transparent administration and implementation of this Code

## Views against the consumer areas

### Improved safety and reliability

This modification will have a neutral impact on this consumer area.

### Lower bills than would otherwise be the case

This modification will have a positive impact on this consumer area. Timely notification of Charging Arrangements will allow Parties to apportion charges more accurately, avoiding the risk of undercharging or overcharging of DCC costs.

### Reduced environmental damage

This modification will have a neutral impact on this consumer area.

### Improved quality of service

This modification will have a neutral impact on this consumer area.

### Benefits for society as a whole

This modification will have a neutral impact on this consumer area.

# Appendix 1: Progression timetable

| Timetable | |
|---|---|
| **Event/Action** | **Date** |
| Draft Proposal raised | 28 May 2026 |
| Presented to CSC for initial comment | 16 Jun 2026 |
| CSC converts Draft Proposal to Modification Proposal | 16 Jun 2026 |
| Modification discussed with Working Group | 1 Jul 2026 |
| Refinement Consultation | 1 Jul – 15 Jul 2026 |
| Modification discussed with Working Group | 5 Aug 2026 |
| Modification Report approved by CSC | 18 Aug 2026 |
| Modification Report Consultation | Aug – Sep 2026 |
| Change Board Vote | 23 Sep 2026 |

*Italics denote planned events that could be subject to change*

## Appendix 2: Glossary

This table lists all the acronyms used in this document and the full term they are an abbreviation for.

| Glossary | |
|---|---|
| **Acronym** | **Full term** |
| BSUoS | Balancing and Settlement Use of System |
| CSC | Change Sub-Committee |
| DCC | Data Communications Company |
| DCUSA | Distribution Connection and Use of System Agreement |
| DNO | Distribution Network Operator |
| DUoS | Distribution Use of System |
| ECS | Elective Communications Services |
| OPSG | Operations Group |
| PAB | Performance Assurance Board |
| PSC | Privacy Sub-Committee |
| RY | Regulatory Year |
| SEC | Smart Energy Code |
| SMDASC | Smart Metering Device Assurance Sub-Committee |
| SMKI PMA | Smart Metering Key Infrastructure Policy Management Authority |
| SSC | Security Sub-Committee |
| TABASC | Technical Architecture and Business Architecture Sub-Committee |
| TAG | Testing Advisory Group |
| TNUoS | Transmission Network Use of System |

## Appendix 3: Prioritisation Matrix

| Prioritisation Matrix[3] | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Legal & regulatory compliance[i]** | **Operational performance[ii]** | **Cost benefit[iii]** | **Consumer impact[iv]** | **Security impacts[v]** | **Value** | **Urgency** | **Priority** |
| **1** | **1** | **2** | **0** | **0** | **1** | **1** | **Medium** |

This modification will improve legal and regulatory compliance as well as operational performance by adding an agreed timeline of notice for charging arrangements.

The proposed solution will also realise financial benefits by allowing early greater transparency of charging arrangements as it would enable Parties to accurately budget costs.

[3] The impact or improvement in each area is measured on a 0-1-2-3 rating system, where 0 is equal to no expected impact or improvement and 3 is equal to a major expected impact or improvement.

# Appendix 4: Strategic Direction Statement (SDS) Prioritisation

| Strategic Direction Statement Prioritisation | | | | |
|---|---|---|---|---|
| **SDS Alignment** | **Importance** | **Complexity** | **Overall Total** | **Priority** |
| **2** | **2** | **1** | **5** | **STANDARD** |

The SDS prioritisation of this modification is **standard**.

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The overall complexity of the modification is low, as the modification only proposes legal text changes.

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[i] Ensure that Parties (including the DCC) meet the obligations of all relevant laws, regulations and licence obligations
[ii] Deliver performance improvements enhancing speed, quality, costs, flexibility and dependability
[iii] Realise financial benefits compared to the cost of the change and the impact of doing nothing
[iv] Meet or enhance consumer and end user needs and expectations through offering better services
[v] Deliver or enhance the smart metering security arrangements or reduce the risk of a security incident arising