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MP263 ‘Improving transparency of DCC indicative costs’

Annex A

Business requirements – version 0.3

About this document

This document contains the business requirements that support the solution(s) for this Modification Proposal. It sets out the requirements along with any assumptions and considerations. The Data Communications Company (DCC) will use this information to provide an assessment of the requirements that help shape the complete solution.

1. Business requirements

This section contains the functional business requirements. Based on these requirements a full solution will be developed.

Business Requirements		
Ref.	Requirement	Responsible for delivery
1	For all indicative Charging Statements and budgets, the DCC shall provide the assumptions made around inflation for each Regulatory year.	DCC
2	For all indicative Charging Statements and budgets, the DCC shall provide an overview of the total volume of Communications Hubs installed to date by Regulatory year.	DCC
3	For all indicative Charging Statements and budgets, the DCC shall provide an overview of the total volume of Communications Hubs expected to be installed across the industry in each Regulatory year.	DCC
4	For all indicative Charging Statements and budgets, the DCC shall provide an explanation of why any costs or Charges have changed from the previous indicative statement, or state there have been no changes.	DCC
5	For all indicative Charging Statements and budgets, the DCC shall reference any large projects or programmes included within the statement.	DCC
6	Where an error is identified in an indicative Charging Statement or budget, the DCC shall republish the document and acknowledge the edit on the webpage within [x] working days of the error being discovered.	DCC

2. Considerations and assumptions

This section contains the considerations and assumptions for each business requirement.

2.1 General

There is currently no comprehensive way of understanding the costs underlying the DCC's Charging Statement and Budgets. The DCC should provide enough information for SEC Parties to reasonably estimate their charges, however there are currently no defined parameters on the information to include.

Smart Energy Code (SEC) Section J 'Charges' and Section K 'Charging Methodology' were drafted at the outset of the Smart Metering Implementation Programme (SMIP) and have not been amended since. The DCC has undertaken many additional projects and programmes as part of their work and the SEC requirements need to be updated to ensure visibility of these is detailed within the statements.

The Proposer would like to include the below requirements as part of the DCC reporting on costs and Charges, which would improve the transparency of DCC's indicative costs and aid SEC Parties in monitoring and scrutinising the DCC's costs. These requirements will apply to the indicative Charging Statements and indicative budgets that the DCC produce quarterly, as referenced in SEC clauses J4.3-J4.5.

There will be no impact on reporting as a result of this modification.

2.2 Requirement 1: For all indicative Charging Statements and budgets, the DCC shall provide the assumptions made around inflation for each Regulatory year.

Including Consumer Price Inflation (CPI), Consumer Price Index including owner/occupier housing costs (CPI-H) and Retail Price Index (RPI) as part of the breakdown of costs and Charges would help SEC Parties calculate their Service Charges using the same figures as the DCC, which would mitigate any discrepancies. Understanding what numbers DCC has included helps compare the inflation figures to SEC Parties' own internal forecasts and then adjust the DCC's forecast to align. It also helps with reconciling movements between years and forecasts.

2.3 Requirement 2: For all indicative Charging Statements and budgets, the DCC shall provide an overview of the total volume of Communications Hubs installed to date by Regulatory year.

An overview of the total volume of Communications Hubs installed to date across the industry would show how the charges have changed. Other reasons for Communications Hubs rental costs changes (for example, US/GBP exchange rates assumptions) would also be a beneficial inclusion.

2.4 Requirement 3: For all indicative Charging Statements and budgets, the DCC shall provide an overview of the total volume of Communications Hubs expected to be installed across the industry in each Regulatory year.

An overview of the total volume of Communications Hubs expected to be installed across the industry would show how the charges have changed. Other reasons for Communications Hubs rental costs changes (for example, US/GBP exchange rates assumptions) would also be a beneficial inclusion.

2.5 Requirement 4: For all indicative Charging Statements and budgets, the DCC shall provide an explanation of why any costs or Charges have changed from the previous indicative statement, or state there have been no changes.

As part of the issue of a new indicative Charging Statement or indicative budget, the DCC may have had reason to change a previous assumption or detail from a previous version. In these instances, the DCC must specify the reason for this change to ensure transparency.

2.6 Requirement 5: For all indicative Charging Statements and budgets, the DCC shall reference any large projects or programmes included within the statement.

The initial requirements for the indicative Charging Statements and indicative budgets within clauses J4.3-J4.5 were drafted at the outset of the SMIP. Since then, the DCC has undertaken a variety of additional projects and programmes that requires resource and cost. Currently, these are not visible anywhere within the documents and that prevents SEC Parties from being able to scrutinise these costs.

2.7 Requirement 6: Where an error is identified in an indicative Charging Statement or budget, the DCC shall republish the document and acknowledge the edit on the webpage within [x] working days of the error being discovered.

The DCC should ensure that upon an error being identified, the indicative Charging Statement or budget is republished, to ensure even communication among SEC Parties.

3. Glossary

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

Glossary	
Acronym	Full term
CPI	Consumer Price Inflation
CPI-H	Consumer Price Inflation including owner/occupier housing costs
DCC	Data Communications Company
RPI	Retail Price Index
SEC	Smart Energy Code
SMIP	Smart Metering Implementation Programme
QFF	Quarterly Financial Forum