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MP263 'Improving transparency of DCC indicative costs'

July 2024 Working Group – meeting summary

Attendees

SEC Party Category	Working Group Members	Representing
Large Suppliers	Emma Johnson (EJ)	British Gas
	Sharon Armitage (SA)	E.ON
	Alex Hurcombe (AH)	EDF
	Amy Cox (AC)	EDF
	Ralph Baxter (RB)	Octopus Energy
	Emslie Law (EL)	OVO
	Kevin Clark (KC)	Utilita
Small Suppliers	Daniel Davies (DD)	ESG Global
	Steve Blackler (SB)	E
Other SEC Parties	Beth Tatton (BT)	Calisen Metering
	Martin Bell (MB)	EUA
	Jeff Studholme (JS)	Smart Meter Assets
Network Parties	Shuba Khatun (SK)	SSEN

Other Participants		
DCC		
David Walsh (DW)	Bradley Baker (BB)	Jonathan Helyer (JH)
Robin Seaby (RS)		
Citizens Advice		
Colin Griffiths (CG)		
SECAS		
Kev Duddy (KD) *Working Group Chair*	Rachel Black (RBl) *Meeting Secretary*	Mo Sumro (MS) *Lead Analyst*
Ali Beard (AB)	Simon Grimwood (SG)	

Overview

The Smart Energy Code Administrator and Secretariat (SECAS) provided an overview of the issue, the Proposed Solution as well as the responses to the Refinement Consultation.

Issue

- DCC indicative Charging Statements and budgets are required to provide enough information to allow SEC Parties to estimate the Service Charges they would need to pay.
- Initial requirements for indicative Charging Statements and indicative budgets set out in Section J 'Charges' have not changed since first drafted at the outset of the SMIP.
- Current information does not allow Parties to scrutinise the costs, and is causing Parties additional time and resource to obtain the additional information they require

Solution

- Include requirement for additional information in indicative budgets and Charging Statements:
  - Assumptions made around inflation
  - Volumes of Communication Hubs
    - Installed to date
    - Expected to install across industry for each Regulatory Year
  - Explanation of changes in charges from previous indicative statements
  - Reference large projects in line with Programme Assurance Policy
  - Acknowledgement of errors and republication of updated Charging Statement within five working days

Working Group Discussion

SECAS (KD) provided an overview of the issue, solution and responses to the Refinement Consultation.

Inflation details

The DCC (JH) highlighted concern on the initial drafting of assumptions around inflation rates. They noted that they would be happy to provide the actual rates used when calculating the statements.

A Working Group member (EJ) suggested that sounded acceptable but would confer with the Proposer post meeting.

Commercial information

The DCC (JH) highlighted that DCC were providing more detail with regards to projects and programmes already being addressed through the DCC Quarterly Finance Forum (QFF). They noted recent changes in their Terms of Reference (ToR) to deliver this. The benefit of delivering the information to the QFF allows them to share more commercial information due to attendees signing a Non-Disclosure Agreement (NDA). They highlighted that they would not be able to share the same level of commercial information in a public document.

A Working Group member (EJ) were concerned that not placing obligations in the SEC allows room for the ToRs to be changed without their input. The DCC (JH) reassured that was not the intention and DCC are looking to provide enhanced service, not strip items back.

Another Working Group member (JS) noted the benefit of having changes in the ToRs were that it was more agile than having to make changes through the modification process.

Detailing expenditure

The DCC (JH) commented that previous statements have always looked forward, but this new requirement would need DCC to detail costs that had not yet been through the Price Control mechanism and therefore are subject to change. They thought this could create more confusion as data would invariably change through this process and suggested sharing through the QFF would be more advantageous.

The DCC (JH) also noted that if these changes were desired in the SEC then Ofgem should make the final decision. They commented that there is a wider review of the DCC Licence and reporting requirements and these may overlap.

A Working Group member (EJ) considered that would likely delay the modification being implemented but agreed it might be appropriate. SECAS agreed to consider this with the Proposer and the DCC.

Another Working Group member (RB) noted the confusion in QFF from the initial set of charging statements excludes expenditure which isn't approved by Ofgem and subsequently changes. They also noted changes between the inclusion or change of projects can lead to wide differences, making comparisons difficult. The DCC (JH) noted they were keen to address these points within the QFF and was happy to work with industry and Ofgem on this.

Changes and republication

The DCC (JH) noted a proposed wording change to highlight changes to statements, rather than discrepancies. Often changes occur for valid reason and should not be classed as such.

The Working Group were comfortable with this approach.

The DCC (JH) also noted that the republishing requirement could interrupt Ofgem's approval process and should be updated accordingly based on the Ofgem process. SECAS (KD) noted the requirement is really about speed of proactive notification and should be drafted so as to not interfere with Ofgem's process.

Next Steps

The following actions were recorded from the meeting:

- SECAS to work with Proposer and DCC to agree potential changes.