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# MP308 'Out of Region Communications Hubs'

# Conclusions Report – version 1.0

## About this document

This document summarises the responses received to the Modification Report Consultation and the decision of the Change Board regarding approval or rejection of this modification.

## Summary of conclusions

### Change Board

The Change Board voted to approve MP308. It believed the modification better facilitated SEC Objectives (a) [1] (c) [2] and (b)[3].

### Modification Report Consultation

SECAS received 11 responses to the Modification Report Consultation. Nine respondents believed that the modification should be approved. The majority considered the modification better facilitated SEC Objectives (a) and (c). Some considered the modification better facilitated (b) and (d)[4].

[1] facilitate the efficient provision, installation, and operation, as well as interoperability, of Smart Metering Systems at Energy Consumers' premises within Great Britain.

[2] facilitate Energy Consumers' management of their use of electricity and gas through the provision to them of appropriate information by means of Smart Metering Systems.

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

[4] facilitate effective competition between persons engaged in, or in Commercial Activities connected with, the Supply of Energy.

# Modification Report Consultation responses

## Summary of responses

SECAS received 11 responses to the Modification Report Consultation. Nine respondents believed that the modification should be approved

One respondent believed that the modification should be rejected as they had not had sufficient time to review the cost implications and one respondent abstained as they believed that clarity on the total contract cost was required before a decision could be made.

Those that supported approval of the modification believed that this was an appropriate Solution to the issue, ensuring consumers had continued smart functionality over the winter months and supported the charging mechanism whereby those that installed the OOR CHs would be paying for the extension of services. One Party disagreed that under-recovery should be socialised as it would be unfair to those who had not installed OOR CHs and would reduce the incentive for exchange.

One Party (a Large Supplier) that supported approval believed that the modification had a negative impact on SEC Objective (b) pointing to lack of WAN provision in the North being the reason that they chose to install 2G CHs. It also believed that there was a negative impact on SEC Objective (c) as replacing 2G CHs with 4G may not provide smart functionality. Another Large Supplier noted that they believed that the cost could be viewed as a rather harsh penalty for those trying to install working CHs for their consumers.

One Party (a Large Supplier) noted that the DCC would be unable to notify Suppliers of the monthly amount in advance of the bill arriving, possibly leading to disputes.

The majority of respondents agreed with the £500 cap, although one Party believed that it should be higher (up to £2000 per OOR CH) and another Party believed it should be lower (£200 per OOR CH).

One respondent (a Meter Asset Provider) noted concern about Suppliers replacing meters rather than just OOR CHs.

Several respondents were concerned about the total cost not being stated in either the Modification Report or the DCC Charging Statement, however one respondent did use the figures that were provided to infer the total cost. SECAS has been unable to include these costs openly due to the ongoing commercial negotiations, however, the cost will be shared and included in the documentation before the Change Board vote.

# Change Board vote

## Change Board vote

The Change Board voted to recommend the Authority **approve** MP308.

The vote breakdown is summarised below.

| Change Board vote | | | | |
|---|---|---|---|---|
| **Party Category** | **Approve** | **Reject** | **Abstain** | **Outcome** |
| Large Suppliers | 4 | 1 | 1 | **Approve** |
| Small Suppliers | 2 | 0 | 0 | **Approve** |
| Network Parties | 2 | 0 | 0 | **Approve** |
| Other SEC Parties | 2 | 0 | 1 | **Approve** |
| Consumer Representative | 1 | 0 | 0 | **Approve** |
| | | | **Overall outcome:** | **APPROVE** |

A Large Supplier member rejected the modification as they believed there had not been enough time to assess the costs for this modification, the situation should have been managed by DCC and that they believed this issue will persist requiring another modification in future. Another Large Supplier member abstained as they believed Ofgem should make the final decision on this modification rather than SEC Parties.

An Other SEC Party representative abstained as they felt another method of governance should be used to make this decision.

## Views relating to the General SEC Objectives

**Objective (a) and (c)**

The majority of the Change Board believed that MP308 will better facilitate SEC Objective (a) and (c) as the modification would ensure that consumers continue to receive smart functionality over the winter period. One Change Board member believed that MP308 will better facilitate SEC Objective (b) as it will ensure the DCC continue to provide services to consumers as per their Licence.

## Change Board discussions

SECAS provided a short overview of the responses to the Modification Report Consultation.

A Large Supplier member noted that submitted a response stating that they believe the modification should be rejected for three reasons. They explained that they believed this issue should be rectified between DCC and their Service Provider not involving Suppliers. They also commented that they currently pay DCC a sufficient amount to provide connection to Smart Metering Systems and as such did not believe further costs should be added. They also stated that the three-day window for the Modification Report Consultation was not sufficient to consult on and may set a precedent for future modifications.

**Inclusion of Costs** - Another Large Supplier member commented that the reason Communications Hubs had been installed out of region was because of poor service by the contracted Service Provider. They also questioned why the monthly costs of £250,000 which DCC will incur as part of this modification were not included in the Modification Report. SECAS clarified that when the Modification Report was produced, commercial negotiations were ongoing between DCC and its Service Provider, therefore it was not appropriate or possible to include the full costs at the time.

**DCC consultation August 2025** - A Large Supplier member commented that DCC did not receive a mandate from their customers to spend £250,000 on this service as it was deemed to be economically inefficient earlier this year. In response, the DCC noted that this modification was different to the consultation earlier in the year as this Solution was proposing to keep connection to OOR Communications Hubs for a finite period. The Large Supplier member also commented their belief that by approving the charging mechanism as part of this modification, members would also be approving the costs without them being explicitly called out in the Modification Report. They added that Parties potentially incurring costs of £500 per Communications Hub was extremely high in comparison to regular monthly rates. SECCo (JS) acknowledged this comment but stated that no alternative options were available to reduce costs associated with this modification.

**Service Provider issues** - Another Large Supplier member commented that when installing OOR Communications Hubs, Parties had been taking 'all reasonable steps' to install a working Smart Metering System. They added that was particularly prevalent for pre-payment consumers and that these Parties were now being punished for ensuring customers had a communicative Smart Metering System. They also noted the DCC response in the collated consultation responses which informed them to raise an incident if there was no WAN at a site. They added that when they had raised incidents with the Service Provider these had not been forthcoming in resolving the issue.

**DCC contracts with Service Providers** - An Other SEC Party representative questioned why DCC was not taking liability for this issue as they signed contracts with their Service Provider. The DCC commented that contracts cover specific geographical regions only. A Large Supplier member noted that Parties had been installing OOR Communications Hub because in CSPN the Service Provider did not perform well. They questioned whether the DCC contract with CSPN should be looked into as being defective as this would be a longer-term fix for other issues.

**Further extension** - A Large Supplier member noted the proposed contract DCC will sign with its Service Provider is for five months. They added that if industry is only able to replace half of the 46,000 OOR Communications Hubs by then, a further extension to the contract may be needed. They added that it can be difficult for Suppliers to engage with their customers to organise appointments when they already have an operational Smart Metering System.

A Small Supplier representative commented that terms such as 'polluter pays' should not be used. They explained that the people who will be paying charges for these OOR Communications Hubs may be those who have gained them through churn.

**Legal text amendments** - SECAS noted that amendments to the legal text had been suggested by the SEC Lawyer prior to the meeting. They explained that the definition of an Out of Region Communications Hub had been updated so that 2G/3G CH in the North are considered OOR unless otherwise provided for in the Coverage Database. This is the same for LRR being classified as OOR if installed in Central/South unless provided for by the Coverage Database. They added this change had been made so that reporting does not incorrectly capture WAN Variants which have been installed in the correct region. They also explained that an update had also been made to the legal text to provide further of detail as to how the DCC must calculate the charge to give greater clarity to Suppliers.

**Clarification of 'approval'** - A Large Supplier member questioned whether DCC would incur costs of £250,000 if Change Board and subsequently Ofgem rejected the modification. The DCC responded that no costs would be incurred as the contract would not be in place and OOR Communications Hubs would lose service on 1 January 2026. The Large Supplier commented that Ofgem may interpret the Change Board approving the modification as approval of the costs to be passed to Parties, which they believed was not the case. Another Large Supplier noted that they believed the modification was seeking to allow DCC the ability to negotiate an extension for connectivity for OOR Communications Hubs, but Parties could not approve the costs as they were not provided in the Modification Report.