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DP324 'Legacy Communication Hub Returns'

Modification Report

Version 0.

9 June 2026

Corporate member of
Plain English Campaign
Committed to clearer
communication

592



About this document

This document is a draft Modification Report. It currently sets out the background, issue, 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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This document also has one annex:

- **Annex A** contains the redlined changes to the Smart Energy Code (SEC) required to deliver the Proposed Solution.

Contact

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1. Summary

This proposal has been raised by David Rollason from the Data Communications Company (DCC).

Current Smart Energy Code (SEC) arrangements require the DCC to make all Communications Hub (CH) Device models available for forecasting and ordering, including Long Range Radio (LRR) and 2G/3G CHs. Provisions also govern CH returns, responsibilities and fault handling.

With demand shifting significantly toward 4G CHs, Parties are no longer forecasting or ordering LRR or 2G/3G devices. However, existing rules still require these legacy models to remain available. This creates inefficiencies, including unnecessary storage of returned Devices, ongoing manufacturing readiness, and associated costs and environmental impacts. At the same time, CH returns are expected to rise sharply (up to ~1.5 million annually) due to replacement programmes, while current return processes are not designed for this volume or for replacement scenarios. There is also ambiguity around the return of unused Devices.

The Proposer is seeking to amend the current arrangements to exclude the requirement to support ordering for LRR and 2G/3G CHs and to make amendments for their return. This would reduce storage and manufacturing costs, simplify return processes, and support more efficient contract renewals. Overall, the changes are expected to deliver cost savings and operational efficiencies, with potential indirect benefits for consumers.

This modification will be a Self-Governance modification. Costs for the Proposed Solution are yet to be determined.

2. Issue

What are the current arrangements?

Communications Hub (CH) forecasts, orders and availability

SEC Section F 'Smart Metering System Requirements' Clause F5 'SMETS2+ Communications Hub Forecasts & Orders' currently sets out provisions related to CH forecasts and orders, as well as requirements for Device availability.

SEC Section F5.1 'Availability of CH Variants' allows for Parties to order all CH Device models. It also requires the DCC to make all Device models available for forecasting and ordering. The current arrangements ensure that Parties can order Devices in such a way that provides for every combination of Home Area Network (HAN) Variant and Wide Area Network (WAN) Variant. The only CHs currently excluded from F5.1 are Special Installation Mesh and Variant 450 CHs (as defined in the Communications Hub Installation and Maintenance Support Materials (CHISM)).

SEC Section F9 'Categories of SMETS2+ Communications Hub Responsibility' sets out provisions related to CH returns, including but not limited to reasons for returns, Device responsibility and fault diagnosis.

What is the issue?

Communications Hub Ordering and Device Availability

There are currently several CHs available to order via the Data Communications Company (DCC), of which the DCC makes available as per SEC Section F 5.1. These include Long Range Radio (LRR) CHs, 2G/3G CHs and 4G CHs.

In 2025 the volume of LRR CHs provided to Parties declined, with the final volume currently scheduled for delivery in August 2026. Alongside the decline of LRR CH orders, the DCC have also seen a decline in forecasts and orders for 2G/3G CHs, with the final volume delivered to Parties in January 2026.

Parties have advised the DCC that 4G CHs are now the preferred CH for ordering as they prepare for the transition to newer communication technology. The DCC have advised that Parties have ceased forecasting and ordering for 2G/3G CHs and LRR CHs all together.

As F5.1 currently requires the DCC to make all CH device models available for forecasting and ordering, Service Provider (SP) contracts continue to require the ability to order and procure 2G/3G CHs and LRR CHs. As a result of this, any 2G/3G or LRR CHs that are returned must therefore be retained in storage to provide volume should Parties submit orders for these models. This storage comes at cost and unnecessary environmental impact when it is unlikely these models will be utilised in the future. In addition to this, manufacturing facilities must be kept on standby while the right to order 2G/3G CHs and LRR CHs remains.

Communications Hub Returns

CH return rights and responsibilities are written in such a way that they take into consideration terms of rollout and the operation of CHs. These are not considered suitable for the scenario of CH replacement with new technology types.

The DCC is expecting a significant increase in the volume of 2G/3G CHs and LRR CH returns as a result of the 4G rollout and replacement of LRR CHs, the 2G/3G CHs sunsetting and the end of existing communication services.

Communications Service Provider (CSP) CH Return facilities manage circa ~100K returns a year, but this is expected to significantly increase during the LRR CH and 2G/3G CH replacement programme, with more than 125K CH returns expected in a single month (~one & half million per year). This 15-fold increase in the volume of returns will require significant investment in return facilities if the current return process remains unchanged with regards to these Device models.

Furthermore, unused CH returns rights and obligations are ambiguous and not covered in contracts, resulting in potential conflict where Parties want to return any unused CHs, but the DCC is unable to support.

What is the impact this is having?

Communications Hub Ordering and Device Availability

To meet current SEC requirements and make all CH models available to Parties to order, the DCC must keep manufacturing facilities on standby and store returned CHs. This causes unnecessary complications and introduces additional cost to SPs and ultimately DCC customers.

Removing the ability to order LRR CHs and 2G/3G CHs will introduce economic efficiencies and benefit positions for contract renewals by aligning to an end of service scenario.

Communications Hub Returns

Without a change to SEC provisions regarding the right of return for LRR CHs and 2G/3G CHs, the risk of significant additional cost to prepare for an increase in the triage and management of returned CHs will remain. If investment in return facilities isn't made, the SEC return timelines overall may be put at risk.

Removing both the right to order LRR CHs and 2G/3G CHs, and rights and obligations related to return reasons for these models, will introduce economic efficiencies and improve positions for contract renewals and extensions for continued communication service.

Current returns outside of SEC processes / CHISM will be accepted under these changes, including the return of unused CHs. The DCC consider that these proposals will support the controlled transition to 4G CHs and help to deliver appropriate cost-effective processes. The changes are also expected to help drive forward successful contract renewal as LRR and 2G/3G CSP contracts come to an end, but where communication services need to be retained.

Amending the current return requirements will help the DCC to minimise costs by streamlining processes and removing obligations that are no longer required, aligning agreements to a swap out scenario opposed to roll out. Amending the requirements on returns would allow the DCC to keep costs at a minimum and ensure CH returns can be processed at the expected return volume. The current CSP contractual obligations include a requirement to hold stock where CHs can be reused. By not allowing further orders for LRR and 2G/3G models, it will enable this obligation to be removed and help to reduce storage costs.

Impact on consumers

This modification is not expected to have negative impacts on consumers. However, there is a potential positive impact as a result of efficiencies and cost savings associated with the modification as these would ultimately be passed down to consumers.

What is the priority of this modification?

The priority of this modification has been determined as **Standard**. This rating is based on perceived impacts on:

- Smart & Retail Operations.

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

3. Solution[s]

Proposed Solution

Alternative Solution [1]

Alternative Solution 2

4. Impacts

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

SEC Parties

Device manuatured that

DCC Systems

DCC System changes

Provide a summary of the impacts on DCC Systems based on the PA/IA response or confirm there is no impact.

Finish with this final paragraph or delete it if there are no impacts on DCC Systems.

The full impacts on DCC Systems and DCC's proposed testing approach can be found in the DCC Preliminary/Impact Assessment response in Annex X.

DCC System traffic

Provide a summary of the impacts on DCC traffic. This may be rationale to demonstrate an estimated impact, or information based on DCC's PA/IA response or confirm there is no impact.

SEC and subsidiary documents

The following parts of the SEC will be impacted:

- Section X 'Title'
- Schedule X 'Title'
- Appendix X 'Title'

The changes to the SEC required to deliver the proposed solution can be found in Annex X.

Technical specification versions

Use this section to describe what version(s) of technical documentation (SMETS, CHTS, GBCS, DUIS and MMC) will be created/updated by this mod – it is enough to state whether new principal versions are needed and/or if new sub-versions of existing principal versions are needed. Remove if none of these documents are affected.

Devices

Delete ticks that do not apply, and delete the whole table if Devices are not impacted. Provide a summary of the impacts on each impacted Device type here – use subheadings where this is helpful. Update with any views received from consultation respondents.

For ESME, specify whether it affects single, twin and/or polyphase meters. For SAPCs, these are often treated as ESME within DUIS and much of GBCS, so some legal text may read 'ESME' when it also applies to SAPCs – this will need care to identify and draw out here. For CADs and Alt HAN Devices, make sure you draw out the details in the supporting text, including specifying specific types of these Devices, as these are broad categories.

Consumers

Provide a summary of any impacts identified on consumers or the consumer experience if the modification was implemented or confirm there is no impact.

Other industry Codes

Provide a summary of any impacts identified on other Codes if the modification was implemented or confirm there is no impact.

Greenhouse gas emissions

Provide a summary of any impacts identified on greenhouse gas emissions if the modification was implemented or confirm there is no impact.

5. Costs

Use this section to highlight the costs associated with the modification, highlighting where these differ between different releases or if they differ between different solutions. If there are no DCC and/or Party costs, keep the subheading and explicitly state there are no costs.

DCC costs

The estimated DCC implementation costs to implement this modification is £XXX. The breakdown of these costs are as follows:

More information can be found in the DCC Preliminary/Impact Assessment response in Annex X.

SECAS costs

The estimated SECAS implementation cost to implement this as a stand-alone modification is XXX days of effort, amounting to approximately £XXX. 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.
- Anything else specific to this modification

SEC Party costs

Summarise any information on costs for Parties that we received from consultation

6. Implementation approach

Use this section to provide the proposed/approved (as applicable) implementation approach for the modification and the rationale for this approach. Adapt as needed for the specific modification, e.g. if a XX Working Day lead time or a date outside a scheduled release is proposed.

Recommended/Approved implementation approach

SECAS is recommending/The Change Sub-Committee (CSC) has agreed an implementation date of:

- **DD Month YYYY** (Month YYYY SEC Release) if a decision to approve is received on or before **DD Month YYYY**; or
- **DD Month YYYY** (Month YYYY SEC Release) if a decision to approve is received after **DD Month YYYY** but on or before **DD Month YYYY**.

Cover the rationale for this approach here.

If the Proposed Solution requires firmware updates to Communications Hubs, insert the following:

Communications Hub firmware dependency

The Proposed Solution is reliant upon Communications Hub firmware updates. Therefore, whilst the legal text for this modification may be implemented on the date according to the implementation approach above, Users may not be able to make use of the functionality until a later date or until previous version of Communications Hub firmware updates have been successfully rolled out.

SEC Party Categories impacted			
✓	Large Suppliers	✓	Small Suppliers
	Electricity Network Operators		Gas Network Operators
	Other SEC Parties	✓	DCC
Breakdown of Other SEC Party types impacted			
	Shared Resource Providers		Meter Installers
✓	Device Manufacturers		Flexibility Providers
	DCC Other Users		MAPs/ MAMs
Devices impacted			
✓	Electricity Smart Metering Equipment	✓	Gas Smart Metering Equipment
✓	Communications Hubs	✓	Gas Proxy Functions
✓	In-Home Displays	✓	Prepayment Meter Interface Devices
✓	Standalone Auxiliary Proportional Controllers	✓	Home Area Network Connected Auxiliary Load Control Switches
✓	Consumer Access Devices	✓	Alternative Home Area Network Devices
Breakdown of DCC implementation costs			
Activity			Cost
Design, Build and Pre-Integration Testing (PIT)			£XXX

SEC Party Categories impacted	
Systems Integration Testing (SIT)	TBC
User Integration Testing (UIT)	TBC
Implement to Live	TBC
Application Support	TBC

7. Assessment of the proposal

Areas for assessment

Areas for assessment for this modification include:

- Communications Hub Ordering
- Communications Hub Device availability
- Communications Hub Returns

Sub-Committee input

The SEC Change Team will engage the Chairs from the Operations Group (OPSG), the Privacy Sub-Committee (PSC), the Performance Assurance Board, (PAB), the Finance Sub-Committee (FSC), the Technical Architecture and Business Architecture Sub-Committee (TABASC), the Security Sub-Committee (SSC), the Smart Metering Key Infrastructure Policy Management Authority (SMIKI PMA) and the Testing Advisory Group (TAG) to confirm what input is required from these forums.

The SEC Change Team believes the following Sub-Committees will need to provide the following input to this modification:

Sub-Committee input	
Sub-Committee	Input sought
FSC	No input required
OPSG	Assess any potential operation impacts as a result of the potential solution.
PAB	No input required
PSC	No input required
TABASC	Assess any potential technical impacts as a result of the potential solution.
SSC	No input required
SMIKI PMA	No input required
TAG	No input required

Change Sub-Committee

The SEC Change Team presented DP324 to the Change Sub-Committee (CSC) on 16 June 2026.....

XXXXXX

OPSG

The SEC Change Team presented DP342 to the OSPG, which was also attended by GTC members, on 22nd June 2026.....

XXXXXXX

Appendix 1: Progression timetable

Timetable	
Event/Action	Date
Draft Proposal raised	9 Jun 2026
<i>Presented to Change Sub-Committee (CSC) for initial comment</i>	17 Jun 2026
<i>Modification discussed with OPSG</i>	22 Jun & 7 Jul 2026
<i>CSC converts Draft Proposal to Modification Proposal</i>	21 Jul 2026
<i>Refinement Consultation</i>	22 Jul 2026 – 12 Aug 2026
<i>Modification discussed with the Working Group</i>	2 Sep 2026
<i>Modification Report approved by CSC</i>	15 Sep 2026
<i>Modification Report Consultation</i>	16 Sep 2026 – 7 Oct 2026
<i>Change Board Vote</i>	21 Oct 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
CH	Communications Hub
CHISM	Communications Hub Installation and Maintenance Support Materials
CSP	Communications Service Provider
DCC	Data communications company
FSC	Finance Sub-Committee
HAN	Home Area Network
LRR	Long Range Radio
OPSG	Operations Group
PSB	Performance assurance board
PSC	Privacy Sub-Committee
SEC	Smart Energy Code

Glossary	
Acronym	Full term
SMIKI PMA	Smart Metering Key Infrastructure Policy Management Authority
SP	Service Provider
SSC	Security Sub Committee
TABASC	Technical Architecture and Business Architecture Sub-Committee
TAG	Testing Advisory Group
WAN	Wide Area Network

Appendix 3: Prioritisation

Strategic Direction Statement Prioritisation				
SDS Alignment	Importance	Complexity	Overall Total	Priority
1	3	2	6	STANDARD

SDS Alignment – The Proposed Solution of this modification would support three aspects of the SDS, which are:

- Smart & Retail Operations.

Importance – This modification will help to continue to drive benefits of smart meters and may introduce efficiencies and cost savings.

Complexity – This modification will reduce the risk of unnecessary effort and/or investment expenditure ahead of the 4G rollout and replacement programme.