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MP324

‘Legacy Communication Hub Returns’

Modification Report

Version 0.3

7 July 2026



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.

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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. It should be noted that reference to “Legacy CHs” in the context of this Modification refers to LRR/2G/3G CHs.

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 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.

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) Central and South CH Return facilities manage circa ~100K returns a year, but this is expected to significantly increase during the programme to replace older CH with 4G CH, 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 amending the 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

Proposed Solution

The Proposer is seeking to amend the current arrangements to exclude requirements to support ordering and returns for LRR/2G/3G CHs. Changes to SEC Section F (Smart Metering System Requirements) will be made to:

- removes the obligation to provide LRR/2G/3G CHs for ordering;
- remove liability for CH Type Faults for LRR/2G/3G CHs and allows DCC to remove CH Diagnosis capability for returned LRR/2G/3G CHs; and
- correct minor typographical errors.

Changes to SEC Appendix H (CH Handover Support Materials) will be made to:

- remove provisions related to LRR/2G/3G CHs and T1/T2 Areal Types with regards to “Submitting Communications Hub Orders”.

Changes SEC Appendix I (CH Installation and Maintenance Support Materials) will be made to:

- remove reference to 2/3G and LRR CH Variants with regards to “Equipment Supplied”.

The Proposer feels that the above changes to the SEC will 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.

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

Breakdown of Other SEC Party types impacted			
	Shared Resource Providers		Meter Installers
✓	Device Manufacturers		Flexibility Providers
	DCC Other Users		MAPs/ MAMs

Device manufacturers will be impacted as they will no longer need to facilitate ordering or returning of LRR/2G/3G communications hubs.

DCC Systems

DCC System changes

There are no impacts to DCC systems as a result of this Modification.

DCC System traffic

There are no impacts to DCC system traffic as a result of this Modification.

SEC and subsidiary documents

The following parts of the SEC will be impacted:

- Section F 'Smart Metering System Requirements)
- Appendix H 'CH Handover Support Materials
- Appendix I 'CH Installation and Maintenance Support Materials

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

Technical specification versions

There are no impacts technical specifications as a result of this Modification.

Devices

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

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 means that Parties will no longer be able to forecast or order these devices. Parties will continue to return CH in the same way but DCC will be able to implement efficiencies in their return processes.

Consumers

The changes proposed by MP324 are expected to deliver cost savings and operational efficiencies, which may result in potential indirect benefits for consumers.

Other industry Codes

There are no impacts on any other industry Codes anticipated.

Greenhouse gas emissions

There are no impacts on greenhouse gas emissions anticipated.

5. Costs

DCC costs

There are no DCC costs anticipated as a result of this Modification.

SECAS costs

The estimated SECAS implementation cost to implement this as a stand-alone modification is 1 days 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.

6. Implementation approach

Recommended implementation approach

The SEC Change Team has agreed an implementation date of:

- **5 November 2026** (November 2026 SEC Release) if a decision to approve is received on or before 21 October 2026; or
- **Ad hoc Release** (10 Working Days following approval) if a decision to approve is received after 5 November 2026.

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. The CSC did not have any specific feedback or comments on the Modification.

The CSC determined that the issue and impact is clearly defined and understood, that it should be converted to a Modification Proposal, and should progress to refinement.

OPSG

The SEC Change Team presented MP342 to the OPSG as part of a wider workshop on CHs returns, which was also attended by GTC members, on 22nd June 2026. Those in attendance were provided with an update on the solution, legal text and next steps as part of these wider discussions.

A member noted the types of CHs impacted by this Modification and asked whether anything was changing with regards to Mesh devices. The Proposer advised that following engagement with parties in 2024 onwards, the final volume of Mesh CHs has already been supplied, they ceased to be available for ordering in 2025.

The OPSG briefly discussed how current stock of 2G/3G CH would be dealt with. The DCC provided an update on how it currently able to engage with parties and how stock transfers can be facilitated. The DCC advised that issues regarding stock for these devices can be brought to the DCC directly.

A member asked whether 4G faults would be affected by the changes proposed under this Modification. The DCC confirmed that there have been no changes to provisions related to 4G CHs.

The OPSG acknowledged various bits of work currently underway for 4G. The DCC confirmed that the work is still underway and unaffected by this modification.

An OPSG member raised a question regarding batch failures and whether these were in scope of this Modification. The DCC confirmed that there have been no changes with regards to batch failures.

The OPSG were advised of the next steps for this Modification and that views on the solution and legal text will be sought at the next OPSG meeting (14th July). After which, the Change Team will be looking to issue the Modification for Refinement Consultation.

Appendix 1: Progression timetable

Timetable	
Event/Action	Date
Draft Proposal raised	9 Jun 2026
Presented to CSC who converts Draft Proposal to Modification Proposal	16 Jun 2026
Modification discussed with OPSG	22 Jun & 14 Jul 2026
<i>Refinement Consultation</i>	<i>22 Jul 2026 – 12 Aug 2026</i>
<i>Modification discussed with the Working Group</i>	<i>2 Sep 2026</i>
<i>Modification Report approved by CSC</i>	<i>15 Sep 2026</i>
<i>Modification Report Consultation</i>	<i>16 Sep 2026 – 7 Oct 2026</i>
<i>Change Board Vote</i>	<i>21 Oct 2026</i>

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
SMIKI PMA	Smart Metering Key Infrastructure Policy Management Authority
SP	Service Provider

Glossary	
Acronym	Full term
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.