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MP263

‘Improving transparency of DCC indicative costs’

Modification Report

Version 1.0

21 August 2024

Corporate member of
Plain English Campaign
Committed to clearer
communication

592



About this document

This document is a Modification Report. It currently sets out the background, issue, solution, impacts, costs, implementation approach and progression timetable for this modification, along with any relevant discussions, views and conclusions.

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This document also has three annexes:

- **Annex A** contains the business requirements for the solution.
- **Annex B** contains the redlined changes to the Smart Energy Code (SEC) required to deliver the Proposed Solution.
- **Annex C** contains the Refinement Consultation responses.

Contact

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1. Summary

This proposal has been raised by Rochelle Harrison from Centrica.

The Data Communications Company (DCC) is required to publish indicative Charging Statements and budgets each quarter, setting out its indicative view of the Charges due by Smart Energy Code (SEC) Parties across the upcoming Regulatory Years. This information needs to be able to allow SEC Parties to estimate the Service Charges they would need to pay for the DCC's Mandatory Business Services under the SEC.

The Proposer considers that the requirements do not go far enough in helping SEC Parties understand the costs underlying the DCC's Charging Statement and budgets. They believe additional information is required to support SEC Parties in reviewing Charges. They note the SEC does not outline the details the DCC needs to provide, and there would be benefit in it specifying the minimum required information that SEC Parties may reasonably require.

The Proposed Solution would introduce further requirements in SEC Section J 'Charges' for the DCC to include within the indicative Charging Statements and budgets.

DCC Users would be positively impacted by this modification as the additional information would provide further transparency and clarity of Charges. The costs would be limited to Smart Energy Code Administrator and Secretariat (SECAS) time and effort. This is a Self-Governance Modification, with text-only changes to the SEC. If approved, it will be implemented in the November 2024 release.

2. Issue

What are the current arrangements?

Each SEC Party is required to pay the Charges to the DCC. These Charges are determined in accordance with the Charging Statement created by the DCC under Condition 19 of the Smart Meter Communication Licence. The Charging Statement must be compliant with the Charging Methodology required under the Smart Meter Communication Licence Condition 18¹ and contained in SEC Section K 'Charging Methodology'.

One of the requirements for the Charging statement is that it needs to be able to allow SEC Parties to estimate the Service Charges they would need to pay for Mandatory Business Services under the SEC (Smart Meter Communication Licence Condition 19.1(b²)). Smart Meter Communication Licence Condition 19.4(c) further specifies that the Charging Statements provided by the DCC are to:

"be presented in such form and with such detail as will enable any SEC Party, or any other person entitled to receive Mandatory Business Services, to make a reasonable estimate of the Service Charges that he would be liable to pay under an Agreement for Services entered into with the Licensee under or pursuant to Condition 17 (Requirements for the provision of Services)"

Part of SEC Section J 'Payment of Charges' requires the DCC to publish each quarter an indicative view of the Charges due in the next Regulatory Year (SEC Section J4.3), and the budget for the subsequent two Regulatory Years (SEC Section J4.4). These are based on the information available

¹ [Smart Meter Communication License \(smartdcc.co.uk\)](https://smartdcc.co.uk) – Charging Methodology for Service Charges

² [Smart Meter Communication License \(smartdcc.co.uk\)](https://smartdcc.co.uk) – Charging Methodology for Service Charges

to the DCC at the start of the month of publication. SEC Section J4.5 further specifies the revenue values that need to be included in the indicative budget.

What is the issue?

The Proposer considers that neither the Licence nor the SEC goes far enough in helping SEC Parties understand the costs underlying the DCC's Charging Statement and budgets. Although the Smart Meter Communication Licence requires the DCC to provide enough detail for Parties to be able to reasonably estimate their Charges, neither it nor the SEC sets out what such detail may consist of.

In addition, the Charging Methodology in SEC Section K was written in the early stages of the smart meter rollout when the DCC had only a single programme. Since then, the DCC has been required to undertake numerous other programmes, as well as SEC Releases, but the requirements in SEC Sections J and K have not kept up with this.

The Proposer believes that the breakdown of costs and Charges provided by DCC needs to be improved. They consider that the SEC needs to provide more detail of the information that SEC Parties need to be able to estimate their Charges.

The Proposer also notes that the DCC does not generally republish an indicative statement should an error be found and subsequently acknowledged. They are concerned this results in different SEC Parties having different information, if not all SEC Parties are aware of any corrections.

What is the impact this is having?

The Proposer believes that this issue is detrimentally impacting SEC Parties due to the time and effort required to source the additional information they need to be able to effectively estimate their Service Charges. Not having this information may also detrimentally affect SEC Parties' ability to monitor and scrutinise the DCC's costs.

Impact on consumers

This issue does not directly impact consumers. The Proposer considers consumers may not receive the best value for money if SEC Parties are not able to effectively estimate their Charges.

3. Solution

Proposed Solution

In addition to the information already provided by the DCC, the Proposer considers the following is needed:

- Any assumptions made by the DCC around inflation.
- The total volume of Communications Hubs installed to date and the number expected to be installed across the industry.
- An explanation of why any costs or Charges have changed from the previous indicative statement.
- A reference to any new projects or programmes included in the statement.

- An acknowledgement of any errors and re-upload of corrected indicative Charging Statements and budgets within five working days of noticing the error.

The legal text to implement these changes can be found in Annex B.

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

SEC Parties would be positively impacted by this modification as the Proposed Solution would enhance the transparency of Charges and allow Parties to better estimate and understand their own Charges. It would also give SEC Parties an opportunity to scrutinise Charges further.

The DCC would be impacted by this modification as further information would be included in the indicative Charging Statements. However, the additional data being requested is already used to generate the data within the statements so the impact should be low.

DCC Systems

DCC System changes

This modification does not require any DCC System Changes.

DCC System traffic

This modification will have no impact on DCC System traffic.

SEC and subsidiary documents

The following parts of the SEC will be impacted:

- Section J 'Charges'

The changes to the SEC required to deliver the Proposed Solution can be found in Annex B.

Devices

This modification does not impact Devices.

Consumers

This modification does not impact consumers.

Other industry Codes

This modification does not impact other industry Codes.

Greenhouse gas emissions

This modification does not impact greenhouse gas emissions.

5. Costs

DCC costs

There are no DCC costs associated with this modification.

SECAS costs

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

SEC Party costs

There are no SEC Party costs associated with this modification. However, the Refinement Consultation highlighted that the additional information required may help reduce the time and resources currently required to obtain the relevant information.

6. Implementation approach

Recommended implementation approach

SECAS is recommending an implementation date of:

- **7 November 2024** (November 2024 SEC Release) if a decision to approve is received on or before 24 October 2024.
- **27 February 2025** (February 2025 SEC Release) if a decision to approve is received after 25 October 2024 but before 13 February 2025.

The Proposed Solution would benefit Parties' own ability to estimate their Charges. It is recommended that the modification is targeted for the next scheduled SEC Release as there are no System impacts on the DCC or SEC Parties.

7. Assessment of the proposal

Areas for assessment

Sub-Committee input

SECAS has engaged with the Chairs from the Operations Group (OPSG), the Technical Architecture and Business Architecture Sub-Committee (TABASC), the Security Sub-Committee (SSC) and the Smart Metering Key Infrastructure Policy Management Authority (SMKI PMA) to confirm what input is required from these forums. SECAS believes the following Sub-Committees will need to provide the following input to this modification:

Sub-Committee input	
Sub-Committee	Input sought
OPSG	No input required
SMKI PMA	No input required
SSC	No input required
TABASC	No input required

Observations on the issue

The Proposer considers that the SEC currently does not specify in sufficient detail the information the DCC needs to provide in its indicative Charging Statements and budgets.

The Proposer believes that this issue is detrimentally impacting SEC Parties due to the time and effort required to source the additional information they need to be able to effectively estimate their Service Charges.

The DCC provides a range of reporting on its costs to Ofgem and to forums such as the DCC Quarterly Finance Forum (QFF). The Proposer believes this current approach leads to inconsistent data provision and wishes it to be formalised. Any solution should seek to re-use existing reporting as much as possible, rather than create new reports, to improve efficiency.

Solution development

Indicative Charging Statements information

As part of the solution, the Proposer included further information that would be beneficial to include in the Charging Statements. The additional information would allow for more transparency of cost as well as be more time-efficient for both SEC Parties and the DCC.

Assumptions made around inflation

The inclusion of any assumptions made around inflation for each Regulatory Year would allow SEC Parties the ability to mitigate any discrepancies when calculating their Service Charges, as the inflation figures would be the same as the DCC's.

During the July 2024 Working Group, the DCC raised concerns around the wording of the legal text. Instead, the DCC would include actual rates used when calculating the statements. This was approved by the July 2024 Working Group.

Communication Hubs volumes on Charging Statements

As part of further information that would be included in the indicative Charging Statements and budgets, the volumes of Communication Hubs (installed and predicted to be installed) should be included, along with any changes to the Communication Hubs rental costs – for example, United States Dollar (USD)/Great British Pound (GBP) exchange rate assumptions.

Changes to the indicative Charging Statements and budgets

Changes to the indicative Charging Statements and budgets will be included in two ways as part of the requirements.

The first will look at identifying changes between the current statements and the previous ones. Where any changes were made, these should be specifically called to attention, or, if there are no changes this should also be specified.

The second will look at acknowledging and republishing an indicative statement where an error is identified ahead of the DCC QFF. In these instances, the DCC should take steps to release the corrected statement to ensure uniform information is provided across to SEC Parties.

Large Projects

As part of the requirements, the DCC will offer indicative information on large projects that are currently run by the company. The definition of what constitutes a 'large project' will require further discussion.

The DCC are required, under Smart Meter Communication License Condition 16.6 to report all programmes that fall within the scope of Relevant Service Capability³.

The Programme Assurance Policy (PAP) was introduced by [MP167B 'Review of SEC documents \(DCC Internal Systems change governance\)'](#). This specifies the appropriate governance for any DCC projects that will impact DCC Users. These projects and associated impacts to DCC Users will naturally differ and therefore the PAP does differentiate the appropriate governance dependent on the size of the project. Currently, it is not defined how the different sizes of projects are determined. To ensure the inclusion of suitable projects and programmes within this modification, the legal text was expanded to reference this document, in case of any projects that reach a certain size that do not fall under Smart Meter Communication License Condition 16.6.

³ [Smart Meter Communication Licence \(smartdcc.co.uk\)](#) – General Arrangements for Services
Managed by

The specific terminology will be defined and consulted upon as part of the ongoing development of the PAP.

The modification was presented to the July 2024 Working Group for SEC Parties to agree what further information may be reasonably required from the DCC to support with reviewing their Charges and how this can be captured within the SEC. The Working Group did not request any additional data items to be included.

The DCC highlighted that the DCC QFF had recently delivered changes to their Terms of Reference (ToR) to include more information on projects and programmes. The benefit of delivering the information to the DCC 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. The Working Group expressed reservations about restricting the information to the ToR, as this could be changed without input from Parties. The DCC reassured that this was not the intention, as the aim would be to provide an enhanced service, as opposed to a restricted one.

Following the July 2024 Working Group, the DCC and the Proposer agreed for this to remain part of the ToR, and not included in the SEC.

Detailing Expenditure

The DCC commented during the July 2024 Working Group 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 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 Smart Meter Communication Licence and reporting requirements, and these may overlap.

A Working Group member 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 noted the confusion in DCC 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 noted they were keen to address these points within the DCC QFF and was happy to work with industry and Ofgem on this.

8. Case for change

Business case

The Proposer highlighted that additional resource is required of SEC Parties when trying to understand the indicative Charging Statements and budgets, which is likely not the most effective way of obtaining information.

This modification should incur no costs from SEC Parties and will provide benefit by way of reduced resourcing to those who need further information to accurately interpret and estimate these Charges.

Views against the General SEC Objectives

Proposer's views

The Proposer believes this Modification Proposal will better facilitate SEC objective (g)⁴ as it will provide further transparency as to how the DCC estimate their Charges.

Industry views

The majority of the Refinement Consultation respondents believed the Modification Proposal will better facilitate SEC objective (g), agreeing it would provide further transparency on DCC estimated Charges.

One respondent believed the Modification Proposal will better facilitate SEC objective (b)⁵ as the charge transparency would allow the DCC to comply with their own DCC License more effectively.

Views against the consumer areas

Improved safety and reliability

This modification will have a neutral impact on this area.

Lower bills than would otherwise be the case

This modification will have a neutral impact on this area.

Reduced environmental damage

This modification will have a neutral impact on this area.

Improved quality of service

This modification will have a neutral impact on this area.

Benefits for society as a whole

This modification will have a neutral impact on this area.

⁴ facilitate the efficient and transparent administration and implementation of the SEC.

⁵ enable the DCC to comply at all times with the General Objectives of the DCC (as defined in the DCC Licence), and to efficiently discharge the other obligations imposed upon it by the DCC Licence.

Appendix 1: Progression timetable

Timetable	
Event/Action	Date
Draft Proposal raised	24 Jan 2024
Presented to CSC for initial comment	20 Feb 2024
CSC converts Draft Proposal to Modification Proposal	20 Feb 2024
Business requirements developed with Proposer and DCC	Feb – Mar 2024
Modification discussed with Working Group	6 Mar 2024
Refinement Consultation	15 May – 6 June 2024
Modification discussed with Working Group	3 Jul 2024
Modification Report approved by CSC	20 Aug 2024
Modification Report Consultation	21 Aug – 12 Sept 2024
Change Board Vote	25 Sept 2024

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
CSC	Change Sub-Committee
DCC	Data Communications Company
GBP	Great British Pound
NDA	Non-Disclosure Agreement
OPSG	Operations Group
PAP	Programme Assurance Policy
QFF	Quarterly Finance Forum
SEC	Smart Energy Code
SECAS	Smart Energy Code Administrator and Secretariat
SMKI PMA	Smart Metering Key Infrastructure Policy Management Authority
SSC	Security Sub-Committee
TABASC	Technical Architecture and Business Architecture Sub-Committee
ToR	Terms of Reference
USD	United States Dollar

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MP263 ‘Improving transparency of DCC indicative costs’

Annex A

Business requirements – version 0.4

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, USD/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

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MP263 ‘DCC Budgets’

Annex B

Legal text – version 1.0

About this document

This document contains the redlined changes to the SEC that would be required to deliver this Modification Proposal.

Section J 'Payment of Charges'

These changes have been redlined against Section J version 11.0.

Add Section J4.6 as follows:

Indicative Charging Statements

J4.3 Within the first five Working Days of April, July, October and January in each year, the DCC shall create and publish on the DCC Website an indicative Charging Statement for the first Regulatory Year due to start thereafter, setting out indicative Charges for that Regulatory Year based on the information available to the DCC at the start of the month of publication.

Indicative Budgets

J4.4 Within the first five Working Days of April, July, October and January in each year, the DCC shall create and publish on the DCC Website a budget for the second and third Regulatory Years due to start thereafter, setting out indicative figures for each such Regulatory Year based on the information available to the DCC at the start of the month of publication.

J4.5 Each such budget will contain indicative values for the following (as each such expression is defined in the Charging Methodology):

Acronym	Name
EAR_t	Estimated Allowed Revenue
EFR_t	Estimated Fixed Revenue
$EESR_t$	Estimated Elective Services Revenue
$EECR_t$	Estimated Explicit Charges Revenue
NFR_t	National Fixed Revenue
$AHFR_t$	Alt HAN Fixed Revenue
RFR_{rt}	Regional Fixed Revenue
EC_{it}	Explicit Charge for each Explicit Charging Metric
$RCHFR_{rt}$	Regional Communications Hub Fixed Revenue
$RCHDR_{hrt}$	Regional Communications Hub Device Revenue

J4.5J4.6 In addition to the values in Section J4.5, each budget published pursuant to Section J4.4 will contain indicative values for the following:

- The forecasted inflation rates for the Regulatory Year across the Consumer Price Index (CPI) including owner/occupier housing costs (CPI-H) and Retail Price Index (RPI);
- The number of Communications Hubs installed for such Regulatory Year based on the information available to the DCC at the start of the month of publication;
- The number of Communications Hubs expected to be installed for such Regulatory Year and for the second and third Regulatory Years due to start thereafter.

J4.6J4.7 Where any costs or Charges have changed from any previous budget published on the DCC Website pursuant to Section J4.4, the DCC shall:

- (a) Provide the overall movement in charges from the last quarter noting that these are driven by changes in forecast assumptions and programme delivery timelines with an explanation provided at the Quarterly Finance Forum; or
- (b) State that no changes have been made to DCC's overall charges versus the last quarter's publication.

J4.8 Where an error is identified in a budget published pursuant to Section J4.4, the DCC shall

- (a) take reasonable steps to notify Parties and acknowledge the error within five Working Days of the error being identified.

~~(a)(b)~~ Re-publish the updated indicative Charging Statement on the DCC website as soon as reasonably practicable.

Working Model

~~J4.7~~J4.9 The DCC shall publish a working model which allows Parties to estimate their indicative Charges based on their view of input data relevant under the Charging Methodology, and which allows Parties to test potential modifications to the Charging Methodology. The DCC shall publish such model in an open-access or off-the-shelf software format, and hereby authorises the Parties to use and modify the model for the purposes set out in this Section J4.~~10~~6 (subject to the relevant software licence). Such model shall not form part of the Charging Methodology.

Invoicing Timetable

~~J4.8~~J4.10 The DCC shall, from time to time, publish an indicative timetable of the dates on which the DCC intends to submit invoices pursuant to Section J1.2.

Minimum Monthly Charge and Credit Cover Threshold

~~J4.9~~J4.11 The DCC shall publish, with the indicative Charging Statement published in January and with the actual Charging Statement for each Regulatory Year, the values of the Minimum Monthly Charge and the Credit Cover Threshold for that Regulatory Year.

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Annex C

Refinement Consultation responses

About this document

This document contains the full collated responses received to the MP263 Refinement Consultation.

Question 1: Do you agree that the solution put forward will effectively resolve the identified issue?

Question 1			
Respondent	Category	Response	Rationale
British Gas	Large Supplier	Yes	As the proposing party for the mod, yes, we believe the solution will effectively resolve the identified issue. It will give us the key missing information from DCC charging statements and budgets to feed into our dynamic forecasting models.
E.ON	Large Supplier	Yes	-
Octopus Energy	Large Supplier	Yes	We believe that the proposed solution will provide valuable context to the Indicative Charging Statements that will help SEC Parties understand the costs underlying the DCC's Charging Statements and Budgets, and how the DCC have come to those projections. Frankly we are surprised this context was not already part of the DCC's Charging Statements and agree with the Proposer's view.
Utilita Energy	Large Supplier	Yes	We welcome any additional transparency when it comes to costs from the DCC and believe that the items being requested would assist in reducing any confusion on how these costs are calculated. We specifically believe that the addition of changes from previous indicative charges and inclusion of new projects to be particularly useful in keeping track of costs and changes to costs over the charging period.
Scottish and Southern Electricity Networks	Networks Party	Yes	We agree that the proposed solution will resolve the identified issues as there would be greater transparency of charges.

Question 1			
Respondent	Category	Response	Rationale
Electricity North West	Networks Party	Yes	We agree that the breakdown of costs and Charges provided by DCC needs to be improved. As a paying DCC user we have previously raised concerns with the lack of detail or errors preventing our ability to accurately and effectively forecast our charges (which are material) due to the size of the eligible DCC charges which need to be recovered from eligible SEC parties. We have also written to the DCC regarding errors (which have been acknowledged) in the notification letters to Ofgem (which we also understand have not been reissued or corrected). A recent example or error was in the notice to the Authority dated 24 October 2023 – ‘Notice of proposed reduction to Service Charges for Regulatory Year ending 31 March 2024’. The letter incorrectly implied the new charges would start in December 2023 whereas they actually came into effect in January 2024. Due to the scale of the DCC charges for one month this does represent an issue in accurate forecasting of invoices. The DCC agreed the letter was in error, but no replacement was ever issued. In absence of any notice letter summarising the changes in detail we are reliant on the notice letters to the Authority. Please refer below to a proposed change to address this below under Q2.

Question 2: Do you agree that the legal text will deliver MP263?

Question 2				
Respondent	Category	Response	Rationale	SECAS Response
British Gas	Large Supplier	Yes	-	-
E.ON	Large Supplier	Yes	-	-
Octopus Energy	Large Supplier	Yes	We believe the legal text is clear on what the DCC would be expected to provide as part of the Charging Statements and aligns with the solution put forward by the Proposer.	-
Utilita Energy	Large Supplier	Yes	No further comments	-
Scottish and Southern Electricity Networks	Networks Party	Yes	We agree the legal text will deliver MP263 as it highlights the conditions required for the DCC to provide more detail and transparency around costs and charges.	-
Electricity North West	Networks Party	Yes	But we ask for additional text to be included and amended as follows: J4.2: the DCC shall give notice <i>issue a Service Charge notice to the Authority</i> to any proposed change to Parties pursuant to Condition 19.9 of the DCC licence. <i>This notice will include a summary of the charging statement changes and split by Party category and resultant changes to the fixed charge for each Party category.</i> 	The amendments to the legal text provided will be discussed as part of the Working Group discussion in July 2024.

Question 2				
Respondent	Category	Response	Rationale	SECAS Response
			This will ensure the notices are transparent and enable paying DCC users to understand if any over or under recovery charges will be returned to all paying DCC users or only certain party categories dependent on the rationale. Sometimes the DCC provide this detail in the Ofgem notice but other times they do not. In addition, to the example above under Q1, there was also an example in 2023 whereby the DCC incorrectly stated in a notice to the Authority/charging statement that all parting DCC users would receive a reduction in their charges. This was only true for Suppliers and not Network Operators. The DCC conceded and removed incorrect text from the Charging Statement. We also recommend the following text updates to reflect errors not only in budgets but notices to the Authority and Charging Statements: <i>J4.9 Where any costs or Charges have changed from any pervious notice, charging statement or budget published on the DCC Website pursuant to Section J4.2 and J4.4, the DCC shall:</i> <i>...(b) where there are no discrepancies in costs of Charges, the DCC shall specific that there are no changes between the current and previous notices, charging statements and budgets.</i> <i>J4.10 where an error is identified in a notice, charging statement and budget.</i>	

Question 3: Do you agree with the proposed implementation approach?

Question 3				
Respondent	Category	Response	Rationale	SECAS Response
British Gas	Large Supplier	Yes	It would be good to confirm when that would translate into seeing updated charging statements and budgets from DCC. We would be very keen to see it in place for January 2025 reporting – this may need it to be an October 2024 ad hoc release rather than waiting for the November 2024 scheduled release.	The DCC has taken steps to update the April 2024 QFF with the information detailed in the modification's Business Requirements. Therefore, including the modification in the November 2024 SEC Release should not hinder the DCC's ability to provide this information in January 2025 reporting.
E.ON	Large Supplier	Yes	-	-
Octopus Energy	Large Supplier	Yes	We believe that the implementation is sensible given the minimal changes expected and that it would be important to have this in place before the 25/26 Indicative Charging Statement is produced.	-
Utilita Energy	Large Supplier	Yes	We agree with the timescales presented in the modification report.	-
Scottish and Southern Electricity Networks	Networks Party	Yes	The proposed implementation approach looks to benefit SEC Parties to be able to estimate their charges.	-
Electricity North West	Networks Party	Yes	We would welcome this being implemented as soon as possible and before the next RY starts.	-

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Question 4: Will there be any impact on your organisation to implement MP263?

Question 4			
Respondent	Category	Response	Rationale
British Gas	Large Supplier	No	No negative impact, but it will make our budgeting process simpler and easier, without needing to follow up on individual extra questions with the DCC. We believe it should also make it simpler for the DCC if they provide the additional information up front, in the same format, to all parties. Currently we also have to wait at least 3 weeks to see if the missing information detail is in the QFF presentation slides. This change would allow us to have the data straight away, and also prevent us needing to remind DCC it is required.
E.ON	Large Supplier	Yes	Improved visibility and explanation of DCC Charges. Better accountability for the costs included in the DCC Charges.
Octopus Energy	Large Supplier	No	There would be no impact on our organization by implementing MP263.
Utilita Energy	Large Supplier	No	As this change is only introducing new clarificatory information to the charging statement, there would be no impact on us to implement.
Scottish and Southern Electricity Networks	Networks Party	No	NA
Electricity North West	Networks Party	Yes	It will positively impact and improve our ability to accurately forecast DCC charges based on DCC publication of more accurate and detailed notices, charging statements and budgets.

Question 5: Will your organisation incur any costs in implementing MP263?

Question 5			
Respondent	Category	Response	Rationale
British Gas	Large Supplier	No	-
E.ON	Large Supplier	No	-
Octopus Energy	Large Supplier	No	The only costs that would be incurred by us could be from the reviewing of this information, which is minimal.
Utilita Energy	Large Supplier	No costs	No further comments
Scottish and Southern Electricity Networks	Networks Party	No costs	NA
Electricity North West	Networks Party	No costs	n/a

Question 6: Will your organisation benefit from any cost-savings as a result of implementing MP263?

Question 6			
Respondent	Category	Response	Rationale
British Gas	Large Supplier	Yes	Simpler processes – see answer to Qn 4 above.
E.ON	Large Supplier	-	-
Octopus Energy	Large Supplier	Unclear	We believe there could be cost-saving benefits by having clearer visibility and context on indicative costs but it's unclear as to what that would be as a figure.
Utilita Energy	Large Supplier	No	We do not foresee any direct cost savings from this, however as it will enable us to better predict DCC charges, there is the possibility this would enable us to make more accurate budgetary decisions.
Scottish and Southern Electricity Networks	Networks Party	No	NA
Electricity North West	Networks Party	Yes	It will remove the unnecessary time spent/resource seeking granular detail on their business rationale which is currently absent from their notices, charging statements and budget publications.

Question 7: How long from the point of approval would your organisation need to implement MP263?

Question 7			
Respondent	Category	Response	Rationale
British Gas	Large Supplier	No time required	We would like it to be in place for January 2025 report at the latest.
E.ON	Large Supplier	-	-
Octopus Energy	Large Supplier	None	As noted above, there is no expectation that immediate changes would be required from the implementation of MP263.
Utilita Energy	Large Supplier	None	No further comments.
Scottish and Southern Electricity Networks	Networks Party	NA	NA
Electricity North West	Networks Party	n/a	n/a

Question 8: Do you believe that MP263 would better facilitate the General SEC Objectives?

Question 8			
Respondent	Category	Response	Rationale
British Gas	Large Supplier	Yes	We agree this will better facilitate SEC objective (g) as it will provide further transparency as to how the DCC estimate their charges.
E.ON	Large Supplier	-	Better facilitates SEC Objective (g)
Octopus Energy	Large Supplier	Yes	We believe this modification would better facilitate General SEC Objective b): <i>"To enable the DCC to comply at all times with the General Objectives of the DCC (as defined in the DCC Licence), and to efficiently discharge the other obligations imposed upon it by the DCC Licence."</i>
Utilita Energy	Large Supplier	Yes	We believe this will better facilitate General SEC Objective (g), as it increases the transparency of cost calculation methodology.
Scottish and Southern Electricity Networks	Networks Party	Yes	We believe MP263 would better facilitate General SEC Objective J 'Charges' as there would be more transparency of charges and better understanding of charges made.
Electricity North West	Networks Party	Yes	It will better facilitate SEC objective (g) as it will provide improved transparency on how the DCC estimate and report on their charges to SEC parties.

Question 9: Do you believe there will be any impacts on or benefits to consumers if MP263 is implemented?

Question 9			
Respondent	Category	Response	Rationale
British Gas	Large Supplier	-	-
E.ON	Large Supplier	-	-
Octopus Energy	Large Supplier	Unsure	There could be an opportunity that Industry has better visibility to challenge the indicative costs which could have a benefit to consumers by a reduction in costs across the industry.
Utilita Energy	Large Supplier	No	As this change is only providing additional data points and not materially affecting the actual cost being charged, we do not foresee that consumers will be directly impacted by this modification.
Scottish and Southern Electricity Networks	Networks Party	No	This modification should not have any impacts on consumers.
Electricity North West	Networks Party	Yes	A positive impact as per response to Q4 and Q6.

Question 10: Noting the costs and benefits of this modification, do you believe MP263 should be approved?

Question 10			
Respondent	Category	Response	Rationale
British Gas	Large Supplier	Yes	-
E.ON	Large Supplier	Yes	Improved visibility and explanation of DCC Charges. Better accountability for the costs included in the DCC Charges.
Octopus Energy	Large Supplier	Yes	We believe this modification would provide valuable information and context on the DCC's indicative costs. We would note that we believe this is something that should be provided as standard and should not have required a modification to implement, however we support the intent and solution proposed of this modification.
Utilita Energy	Large Supplier	Yes	DCC charging is a critical charge levied upon DCC users that fall within one of the five charging groups, therefore any additional clarity and transparency is extremely welcome and can only benefit budgeting and decision making. The additional insight into DCCs project costs and plans will also help to increase the confidence in DCC as well as give their customers data that has been frequently requested in Quarterly Finance Forums and Operations Group.
Scottish and Southern Electricity Networks	Networks Party	Yes	There are no major costs associated with this modification, only benefits for SEC Parties.
Electricity North West	Networks Party	Yes	With the additional text proposed.

Question 11: Please provide any further comments you may have.

Question 11			
Respondent	Category	Comments	SECAS Response
British Gas	Large Supplier	-	-
E.ON	Large Supplier	Hopefully inclusion in the November 2024 SEC Release is achievable	
Octopus Energy	Large Supplier	No further comments.	-
Utilita Energy	Large Supplier	No further comments.	-
Scottish and Southern Electricity Networks	Networks Party	NA	-
Electricity North West	Networks Party	This modification should be complementary to any SECP218 review findings. Has the linkage been made by SECAS?	This modification may provide beneficial support, however DP218 is not directly linked. The information required of the DCC will provide greater transparency, which may help with the current DP218 findings.