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SEC Change Board Meeting 97x

10 January 2025, 10:00 – 10:45

Teleconference

SECCB_97x_1001 – Final Minutes

Attendees:

Representing	Change Board Members	Organisation
Change Board Chair	Ali Beard	Change Board Chair
Large Suppliers	Alex Hurcombe (AH)	EDF
	Joey Manners (JM)	Octopus Energy
	David Rodger (DR)	Scottish Power
	Emslie Law (EL)	OVO
	Emma Johnson (EJ)	British Gas
	Kevin Clark (KC)	Utilita
	Sharon Armitage (SA)	E.ON
Small Suppliers	Christie Thomson (CT)	SSE
	Gareth Evans (GE)	Waters Wye
Network Parties	Jacqueline D'Angelo (JDA)	UK Power Networks
	Rachael Prosser (RP)	National Grid Electricity Distribution
Other SEC Parties	Patrick Caiger-Smith (PCS)	GEO Together
	Nick Winfield (NW)	Landis+Gyr
	Ian Lovatt (IL)	Chameleon Technology
Consumers	Faye Brookes-Lewis	Citizens Advice

Other Participants		
DCC		
Jonathon Helyer (JH)	Bradley Baker (BB)	
Ofgem		
Ian Chalfon (IC)	Cristina Ullastre (CU)	Grace Royall (GR)
SECAS		
Sophia Master (SM) (Meeting Secretary)	Simon Grimwood (SG)	Georgiana Severin (GS)

Apologies:

No apologies were received.

1. Change Board Vote

The Change Board was invited to perform the final vote on [MP275 'Section K changes to support 4G Communications Hubs rollout'](#).

A member (DR) queried if the funding arrangements for the 4G Communications Hubs (CHs) are included as part of the scope or if it was just the charging. SECAS (GS) confirmed the modification is looking at how the CHs will be charged, not how the DCC will be sourcing the capital for the 4G CHs. DR queried if the Unitary Charge will apply in all three Regions. The DCC (JH) confirmed it will apply in all three Regions, as the Charging Methodology does not differentiate between Regions.

SECAS (GS) presented a worked example provided by the DCC of what the charging rates would look like with and without the Modification. In a funding scenario, the DCC would be recovering the cost of CHs within year charges. Financing, however, would be apportioned across several years in line with the financing agreement that the DCC would have with the third party that provides the capital. The DCC (JH) advised that the Modification is required for either. SECAS (GS) confirmed this worked example is presented in the Modification Report. A member (JM) asked if the Unitary Charge figures presented in the table were fictitious, or a reflection of what a Supplier might expect to see in their monthly charges. The DCC (JH) confirmed they were actual costs for 2025-26 if the Modification was implemented. JH confirmed that the DCC will be talking to customers at the DCC Quarterly Finance Forum (QFF) about this. A member (JM) advised that there is currently more Single Band CHs (SBCHs) as opposed to Dual Band CHs (DBCHs) installed across consumers' premises. They asked if the DCC has done any assessments to what it will look like in terms of differential.

A Member (JM) was interested to understand what the impact and costs associated with the existing installed CH portfolio would be, particularly in the North Region where a Dual Band only solution is not what exists or will exist for the foreseeable future. The DCC (JH) confirmed that the DCC costs do not change, and this Modification is a methodology change. The DCC shared the indicative charges several months ago so that Energy Suppliers could understand the impact on their consumers. The differential between the two does come down as explained in the DCC briefing sessions, as the Dual Band Hubs installation volumes increase.

A member (DR) queried why the 4G CHs have been associated with the DBCH Charges rather than SBCHs. The DCC (JH) confirmed that all 4G CHs are Dual Band. The DCC (JH) advised that these charges are based on the DCCs costs for a particular year, divided by the number of installed Hubs,

which is why Parties would get a disproportionately higher charge in the early years when the level of installed Dual Band Hubs is relatively low. A member (EL) echoed the points made by the DCC and advised that the 4G CHs are charged against Dual Band as that is the technology the Hubs utilise.

SECAS (GS) presented the Modification Report Consultation (MRC) key points – two respondents were in favour of the modification being approved and one abstained. The approving respondents believe that the modification should be approved to avoid delays on 4G CH mass rollout and ensure the costs are levied appropriately across the industry.

SECAS (GS) shared that Ofgem had granted Urgency for the Modification at the beginning of and initially Ofgem had expressed concern that Parties might not have the full picture of the issues and the Proposed Solution. A teaching session was facilitated by SECAS with the DCC to answer as many questions as possible. A member (EJ) queried if Ofgem are still concerned that Parties may not have the full picture of the issue and the Proposed Solution. They felt the teaching session and all the information that has been put in the Modification Report has helped but queried if Ofgem are still concerned. Ofgem (GR) highlighted as per the MRC responses, one respondent believed that they didn't have enough information to be able to make a decision and abstained from offering a view in the MRC response. There were also concerns from the same respondent about the Outline Business Case (OBC) being produced later than the Modification decision. The Chair (AB) advised that the Modification is about the Unitary Charge and the CH Returned not Redeployed Charge, both of which need to be amended, regardless of the OBC and the funding versus financing question. The QFF will be monitoring the 4G CH rollout programme and advise on any changes. The DCC (JH) advised the DCC is planning to have an additional DCC customer engagement session as well to brief DCC customers on the points that have been raised regarding funding versus financing. Before the OBC goes to Panel those issues that have been raised will be addressed with DCC customers. The further customer information session will be booked in the near future.

A member (EJ) raised a query on the Refinement Consultation responses and that the consequential cost to Parties' figures seemed high. The Chair (AB) advised those consequential costs are not to implement the modification, they are more broadly around the 4G CH roll out.

The DCC will be discussing the OBC at the SEC Panel on 28 January 2025. We are expecting the Authority Decision on this modification around February 2025. Should the Authority approve, the modification will be implemented one Working Day following receipt of Decision.

A member (PCS) queried how this modification facilitates SEC Objective (d) '*facilitate effective competition between persons engaged in, or in Commercial Activities connected with, the Supply of Energy*'. SECAS (GS) advised this was part of the Refinement Consultation responses and the reason given was to ensure a relatively similar pace of installation. A member (EJ) advised she doesn't believe SEC Objective (d) was in the original Modification Report, however their reasoning as to why the Modification would better facilitate effective competition relates to consumers and the CH installed at the premise; consumers with 4G CHs may be seen as more valuable than those without.

The Change Board agreed to proceed to vote. The voting outcome is shown below:

Party Category	Approve	Reject	Abstain	Conclusion
Large Suppliers	6	1	0	Approved
Small Suppliers	2	0	0	Approved
Network Parties	2	0	0	Approved

Party Category	Approve	Reject	Abstain	Conclusion
Other SEC Parties	3	0	0	Approved
Consumers	1	0	0	Approved
Overall conclusion:				Approved

The majority of Change Board believed that MP275 will better facilitate SEC Objectives (a), (b) and (g) for the reasons given in the Modification Report Consultation responses. Some members also believed that it better facilitated SEC Objective (d).

The Change Board:

- **AGREED** the Modification Proposal should proceed to vote.
- **RECOMMENDED** the Modification Proposal be **APPROVED** on the basis that it will be facilitate SEC Objectives (a) (b) and (g).
- **PROVIDED** rationale for this decision relating to the General SEC Objectives.

This is an Authority-Determined modification and will now be sent to Ofgem for final decision.

2. Any other business

There was no further business, and the Chair closed the meeting.

Next scheduled meeting date: 22 January 2025