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Action:	For Decision

DCC Business and Development Plan 2023 - 2024

1. Purpose

This paper provides a summary and response to the DCC Business and Development Plan (BDP) 2023 – 2024. A copy of the BDP can be found [here](#). The Panel is requested to note the content of this paper and approve the draft response in Annex 1.

2. Background

DCC is consulting on some sections of its annual BDP. DCC has not provided all sections for review, instead, DCC is seeking views on three sections: “Our Operating Context”, “Our Strategy” and “Outcomes”. DCC has set out questions in each section to prompt feedback. A brief overview of each section is provided below.

3. “Our Operating Context”

This section of the BDP details the wider industry and regulatory environment in which the DCC is operating. DCC seek views on the comprehensiveness of the areas identified and how these impact DCC service provision.

4. “Our Strategy”

“Our Strategy” details how DCC is intends to deliver its services. This includes areas such as Technology, Security, Commercial and Operations, Project Management and Cost Benchmarking. The questions seek views as to how well DCC is explaining its strategy and the areas it should focus.

5. “Outcomes”

DCC has listed four areas of focus – “Outcomes” that it believes better articulate the work activities to deliver the needs of its customers.

1. Deliver a reliable network performance, ensuring security and resilience.
2. Operate responsibly and efficiently, delivering value for money.
3. Provide a quality experience for our customers and our people.
4. Re-use the network for public good.

DCC believes an “Outcome” approach better explains the rationale why DCC is undertaking work. The questions in this section seek views on the “Outcomes” and the information provided.

6. Next Steps and Recommendation

SECAS has drafted a response to the consultation, (Annex 1). The consultation closes on 24 May 2023. SECAS will seek approval for the submission of the response at the Panel meeting 23 May 2023 subject to comments and agreement with the Panel Chair.

The Panel is requested to **Approve** the draft response (Annex 1)

Tim Newton

SECAS Team

16 May 2023

Attachments: – Annex 1 – Draft Response

Annex 1 Draft Response

Angela Love, Panel Chair
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Via email: customerengagement@smartdcc.co.uk

[24] May 2023

Consultation on Business Development Plan 2023-2024

Dear Sir,

I am pleased to respond on behalf of the Panel to the DCC Business Development Plan (BDP) consultation.

The Panel agrees with much of the general direction of travel that is set out in the BDP and that there is a need to ensure that there is a continued focus on system and service stability to enable the rollout of smart metering to complete. At the same time the Panel believes that DCC must ensure there is suitable future capacity and long-term certainty in the deployed system solutions. This will enable current and future industry participants to make use of the data from smart metering.

Further views and responses to the consultation questions are set out on the following pages. If you would like to discuss any of these issues further, please do not hesitate to contact myself or the SECAS team on 020 7090 7755 or SECAS@gemserv.com.

Yours faithfully,

Angela Love

SEC Panel Chair

DCC Draft Business and Development Plan 2023-2024

“Our Operating Context”

Question 1 – Do you believe we have captured the key market trends impacting DCC over the course of the next five years? Are there additional trends that we should be considering?

Yes, in general terms, the draft Business and Development Plan (BDP) has identified the major issues that will influence and result in changes to the market in which the DCC operates. For example, Digitalisation of energy, the drive to Net Zero, changes in technology and regulatory changes.

Ensuring that DCC provides a stable and secure system for the completion of the rollout of smart metering will enable better use of the data from smart meters, to assist with the decarbonisation of the energy system. The DCC smart metering ecosystem may then be used to support future activities that will help deliver wider policy objectives such as future demand flexibility initiatives.

Despite not yet having the full details, it is right to recognise that regulatory Code Reform activities may impact the arrangements between DCC and industry. It is anticipated this area will be the subject of further consultation in the 2023 – 2024 Regulatory Year. It should also be noted that the DCC Licence renewal will also have a potential impact.

Question 2 – Are there additional implications for the DCC beyond those already identified?

There is a need to recognise the eventual winding down of the Smart Metering Implementation Programme (SMIP) and the move to enduring SEC governance as part of this longer-term regulatory changes. Whilst we recognise at this stage that there are no firm plans as to how and when this will occur, we believe that it will be important for the DCC to carefully consider any proposals from the Department in the context of Code Reform and DCC Licence renewal activities. We would look to work with the Department and the DCC to ensure that the SEC and SEC Panel can play our part in ensuring a smooth transition to enduring governance arrangements and introduction of any changes introduced by Code Reform and DCC Licence changes.

Question 3 – Is the link between market trends and DCC activities clear? If not, how could we make this more explicit?

The BDP sets out the trends that are influencing the future operating context of the DCC in a coherent way. The initiatives underway to ensure the DCC systems and communications network remain fit for purpose, should help facilitate the achievement of those wider policy objectives e.g., Net Zero.

The DCC focus for the immediate term needs to be the provision of robust and secure services, limiting over time the number of outages (Planned or otherwise). If DCC is not able to provide that secure basic platform for the rollout of smart metering to complete, the wider benefits per the SMIP Impact Assessment will not be fulfilled.

“Our Strategy”

Question 1 – DCC is undertaking a significant volume of activity in response to customer and stakeholder feedback.

- a) **Are we clearly communicating what it is?**
- b) **Are we clearly communicating why we are doing it?**

The DCC will appreciate its monopoly market position and it is imperative that it actively seeks and takes on feedback from DCC Users and wider stakeholders. We are encouraged that DCC says that it is undertaking a significant volume of activity in response to customers and stakeholder feedback. In addition, where DCC has not been able to make changes requested, it is equally important that DCC explains the rationale for doing so.

To date, communications from DCC and its interactions are not always obvious or clear. The level of detail provided in updates to Panel, Sub Committees on wider DCC programmes such as Communication Hub and Networks and Scaling and Optimisation has led to concerns about transparency. The Panel recognises that the DCC often finds itself in a situation where it cannot share information for reasons of commercial confidentiality. However more recently the DCC has been working with the Panel to look at ways in which the Panel, or a subset thereof, can (subject to confidentiality) obtain a greater insight and transparency about the actions that DCC is taking. The Panel appreciate the trial that the DCC has undertaken in this regard and look forward to working further with the DCC to instigate an enduring arrangement to resolve the concerns.

Question 2 – Are there additional areas of focus you would like to see referenced within this section? If yes, what would those be and why would you like to see them discussed?

There are concerns from DCC Users and the Panel about the number of outages and the increasing nature of these. Over the two last regulatory years the volume of Major Incidents is running at c.3.5 Incidents per month. This does not show any immediate sign of decreasing. We therefore propose that an immediate focus must be on getting timely and easy to understand messages to Parties on such events, as a means of ensuring that DCC Users and wider Stakeholders have confidence that DCC is on top of the provision of services by its service providers.

“Outcomes”

Question 1 – Do these outcomes reflect your understanding of DCCs key outcomes and objectives?

The use of the term “Outcome” to describe the various programmes of work and activities the DCC is undertaking is an interesting concept. The “Outcomes” describe the work that would be expected to be delivered. The four “Outcomes” set in in section 3.3 of the draft BDP, describe the minimum that the services the DCC is responsible for should deliver.

Question 2 – Are there additional outcomes, you believe are not captured here? If yes, please set out what they are.

Our understanding is that the 4th Outcome “Re-use the network for public good” means facilitating future energy services to assist with the drive for net zero and potentially services beyond core smart metering, for example future demand flexibility and the use of those devices to enable flexible load control. However, we believe that this cannot be realised, without core smart metering services operating without issue. The focus for the immediate future must remain on ensuring the DCC delivers a reliable and secure network.

Question 3 – Do you believe organising our activities according to outcomes provides you with a better understanding on why DCC undertakes the activity it does?

The Outcome descriptions themselves seem sensible. Less engaged industry parties and wider stakeholders may find this approach helpful and an easier means to understand why DCC is undertaking work in particular areas.

Question 4 – Are there specific activities where the information provided is not clear, or where further information would be helpful for your decision making? If yes, please outline what information is required and why it would be helpful.

Panel has been asking for many years for greater insight into the cost benefit analysis and judgements DCC is making when undertaking procurement and the timing of programmes to procure replacement systems or services. For example, concerns have been expressed over the timing of projects for the re-procurement of the Data Service Provider (DSP) and the lateness in notification of the DSP refresh activities being undertaken.

Further as noted in the Ofgem DCC Price Control review, a number of DCC projects and programmes appear to have underlying synergies. The explanation as to why a particular programme / project is required and what it is delivering in addition to a project already in flight is not immediately obvious.

The Panel expects that in line with the Panel Programme Assurance Policy, the DCC will continue to inform the Panel and its Sub-Committees of any new programmes as they arise, their purpose and expected impacts on Users via the monthly report shared with the Panel and SEC Parties. The Panel would expect the DCC to provide engagement plans in advance of seeking User input clearly stating the ask and present the agreed programme artefacts. Following on from the trial around transparency of DCC procurement and decision-making, the Panel looks forward to working with the DCC to look at ways in which greater transparency and assurance, particularly regarding cost can be provided to enable meaningful input from the SEC Panel and its Sub-Committees.

It is good to see that DCC is now adopting a widely recognised standard in Prince 2 for project management methodology. This should provide better rigour around projects and programmes with use of terminology that is widely understood and respected. We expect that Prince 2 adoption will provide further insight and transparency for SEC Parties, Panel and Sub Committees.